

# **TARIFF FOR RETAIL DELIVERY SERVICE**

**CenterPoint Energy Houston Electric, LLC  
1111 LOUISIANA  
P. O. BOX 1700  
HOUSTON, TEXAS 77251**

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**AGREEMENT BETWEEN COMPANY AND COMPETITIVE RETAILER REGARDING TERMS AND CONDITIONS OF DELIVERY OF ELECTRIC POWER AND ENERGY (DELIVERY SERVICE AGREEMENT) .....336**

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**CHAPTER 1: DEFINITIONS**

The following definitions apply to Company's Tariff for Delivery Service, including the service rules and regulations, policies, Rate Schedules and Riders, and to any Service Agreements made pursuant to the Tariff, unless specifically defined otherwise therein.

**ACTUAL METER READING.** A Meter Reading whereby Company has collected information from the Meter either manually or through a direct reading, through telemetry, or other electronic communications.

**AFFILIATED RETAIL ELECTRIC PROVIDER.** A retail electric provider that is affiliated with or the successor in interest of an electric utility certificated to serve an area.

**APPLICABLE LEGAL AUTHORITIES.** A Texas or federal law, rule, regulation, or applicable ruling of the Commission or any other regulatory authority having jurisdiction, an order of a court of competent jurisdiction, or a rule, regulation, applicable ruling, procedure, protocol, guide or guideline the Independent Organization, or any entity authorized by the Independent Organization to perform registration or settlement functions.

**BANKING HOLIDAY.** Any day on which the bank designated by Company as the repository for payment of funds due to Company under this Tariff is not open for business.

**BILLING DEMAND.** Demand used for billing purposes as stated in the applicable Rate Schedule or Rider.

**BILLING DETERMINANTS.** Measured, calculated, or specified values used to determine Company's Delivery Charges that can be transmitted to the CR on an approved TX SET electronic transaction. These values may include, but are not limited to, measurements of kilowatt-hours (kWh), actual monthly Non-Coincident Peak (NCP) Demand, annual NCP Demand, annual 4-CP Demand (coincident peak for four summer months), Billing Demand, Power Factor, fixed charges, number of lamps, Rate Schedules, and rate subclass.

**BUSINESS DAY.** Any day on which Company's corporate offices are open for business.

**CENTRAL PREVAILING TIME, CPT.** As established by national time standards, either Central Standard Time or Central Day-Light time.

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**CODES.** Federal, state, or local laws, or other rules or regulations governing electrical installations.

**COMMISSION, PUC, or PUCT.** The Public Utility Commission of Texas.

**COMPANY.** The transmission and distribution utility providing Delivery Service pursuant to this Tariff, and its respective officers, agents, employees, successors, and assigns.

**COMPANY'S DELIVERY SYSTEM.** The portion of the Delivery System that is owned by Company.

**COMPETITIVE RETAILER (CR).** A Retail Electric Provider, or a Municipally Owned Utility, or an Electric Cooperative that offers customer choice in the restructured competitive electric power market or any other entity authorized to provide Electric Power and Energy in Texas. For purposes of this Tariff, a Municipally Owned Utility or an Electric Cooperative is only considered a Competitive Retailer where it sells retail Electric Power and Energy outside its certified service territory.

**CONSTRUCTION SERVICE.** Services related to the construction, extension, installation, modification, repair, upgrade, conversion, relocation, or removal of Delivery System facilities, including temporary facilities.

**CONSTRUCTION SERVICE CHARGE.** Commission authorized charges to recover costs associated with Construction Services.

**DELIVERY.** The movement of Electric Power and Energy through Company's electric lines and other equipment, including transformers, from the Point of Supply to the Point of Delivery.

**DELIVERY CHARGES.** Commission authorized rates and charges for the use of Company's Delivery System. Delivery Charges comprise Delivery System Charges and Discretionary Charges.

**DELIVERY SERVICE.** The service performed by Company pursuant to this Tariff for the Delivery of Electric Power and Energy. Delivery Service comprises Delivery System Services and Discretionary Services.

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**DELIVERY SERVICE AGREEMENT.** The standard, pro-forma document set forth in this Tariff in which Company and Competitive Retailer agree to be bound by the terms and conditions of Company's Tariff.

**DELIVERY SYSTEM.** The electric lines, and other equipment, including transformers, owned by Company and the Meters, including Non-Company Owned Meters, used in the Delivery of Electric Power and Energy.

**DELIVERY SYSTEM CHARGES.** Commission authorized charges to recover costs associated with Delivery System Services.

**DELIVERY SYSTEM SERVICES.** Delivery Services whose costs are attributed to all Retail Customers that receive Delivery Service from Company and charged to Competitive Retailers serving Retail Customers under the Rate Schedules specified in Section 6.1.1, DELIVERY SYSTEM CHARGES. Delivery System Services are all Tariffed Delivery Services provided by Company that are not specifically defined as Discretionary Services.

**DEMAND.** The rate at which electric energy is used at any instant or averaged over any designated period of time and which is measured in kW or kVA.

**DISCRETIONARY CHARGES.** Commission authorized charges to recover costs associated with Discretionary Services.

**DISCRETIONARY SERVICES.** Customer-specific services for which costs are recovered through separately priced Rate Schedules specified in Chapter 6.

**ELECTRIC COOPERATIVE.** An electric cooperative as defined in PURA §11.003(9).

**ELECTRIC POWER AND ENERGY.** The kWh, the rate of Delivery of kWh, and ancillary services related to kWh that a Competitive Retailer provides to Retail Customers.

**ELECTRIC SERVICE IDENTIFIER or ESI ID.** The basic identifier assigned to each Point of Delivery used in the registration system and settlement system managed by ERCOT or another Independent Organization.

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**ERCOT.** The Electric Reliability Council of Texas, Inc.

**ESTIMATED METER READING.** The process by which Billing Determinants are estimated when an Actual Meter Reading is not obtained.

**FACILITY EXTENSION POLICY.** The Company policy that covers such activities as extensions of standard facilities, extensions of non-standard facilities, extensions of facilities in excess of facilities normally provided for the requested type of Delivery Service, upgrades of facilities, electric connections for temporary services, and relocation of facilities.

**FACILITY EXTENSION AGREEMENT.** The Service Agreement pursuant to this Tariff that must be executed by Company and the entity (either a Retail Customer or Retail Electric Provider) requesting certain Construction Services before Company can provide such Construction Services to the requesting entity.

**GOOD UTILITY PRACTICE.** This term will have the meaning ascribed thereto in P.U.C. SUBST. R. 25.5, Definitions, or its successor.

**HOME AREA NETWORK (HAN) PROVISIONED METER:** An advanced meter as defined in P.U.C. SUBST. R. 25.130, Advanced Metering, that has been deployed by the Company, and for which the HAN communications are operational.

**INDEPENDENT ORGANIZATION or IO.** The organization authorized to perform the functions prescribed by PURA §39.151.

**KILOVOLT AMPERES or kVA.** 1000 Volt-Amperes.

**KILOWATT or kW.** 1000 Watts.

**KILOWATT-HOUR or kWh.** 1000 Watt-hours.

**LOAD FACTOR.** The ratio, usually stated as a percentage, of actual kWh used during a designated time period to the maximum kW of Demand times the number of hours occurring in the designated time period.

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**METER or BILLING METER.** A device, or devices for measuring the amount of Electric Power and Energy delivered to a particular location for Company billing, CR billing and as required by ERCOT. Meters for residential Retail Customers shall be Company owned unless otherwise determined by the Commission. Commercial and industrial Retail Customers required by the Independent Organization to have an IDR Meter may choose a Meter Owner in accordance with P.U.C. SUBST. R. 25.311, Competitive Metering Services and other Applicable Legal Authorities.

**METER DATA.** All data contained within the Meter.

**METER OWNER.** Entity authorized by the Retail Customer to own the Meter. Entity could be Retail Customer, Competitive Retailer, or other entity designated by the Retail Customer as permitted by Applicable Legal Authorities. If the Retail Customer is not eligible for competitive metering or does not choose to participate in competitive metering the Meter Owner shall be Company.

**METER READING.** The process whereby Company collects the information recorded by Meter. Such reading may be obtained manually, through telemetry or other electronic communications, or by estimation, calculation or conversion in accordance with the procedures and practices authorized under this Tariff.

**METER READING SCHEDULE.** No later than December 15 of each calendar year, Company shall post its schedule for reading each meter on its website so that Competitive Retailers and Retail Customers may access it. Company shall notify Competitive Retailer of any changes to this schedule 60 days prior to the proposed change. Company is responsible for reading the Meter within two Business Days of the date posted in this schedule.

**METERING EQUIPMENT.** Required auxiliary equipment that is owned by Company and used with the billing meter to accurately measure the amount of Electric Power and Energy delivered. Metering equipment under this definition does not include communication, storage, and equipment necessary for customer access to data.

**MUNICIPALLY OWNED UTILITY.** A utility owned, operated, and controlled by a municipality or by a nonprofit corporation, the directors of which are appointed by one or more municipalities, as defined in PURA §11.003(11).

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**NON-COMPANY OWNED METER.** A Meter on the ERCOT-approved competitive Meter list that is owned by an entity other than the Company. Unless otherwise expressly provided herein, a Non-Company Owned Meter shall be treated under this Tariff as if it were a Meter owned by the Company.

**POINT OF DELIVERY.** The point at which Electric Power and Energy leaves the Delivery System.

**POINT OF SUPPLY.** The point at which Electric Power and Energy enters the Delivery System.

**POWER FACTOR.** The ratio of real power, measured in kW, to apparent power, measured in kVA, for any given load and time, generally expressed as a percentage.

**PREMISES.** A tract of land or real estate or related commonly used tracts, including buildings and other appurtenances thereon.

**PROVIDER OF LAST RESORT (POLR).** A REP certified in Texas that has been designated by the Commission to provide a basic, standard retail service package to requesting or default customers.

**PURA.** Public Utility Regulatory Act, TEXAS UTILITIES CODE ANNOTATED.

**RATE SCHEDULE.** A statement of the method of determining charges for Delivery Service, including the conditions under which such charges and method apply. As used in this Tariff, the term Rate Schedule includes all applicable Riders.

**REGISTRATION AGENT.** Entity designated by the Commission to administer settlement and Premises data and other processes concerning a Retail Customer's choice of Competitive Retailer in the competitive retail electric market in Texas.

**RETAIL CUSTOMER.** An end-use customer who purchases Electric Power and Energy and ultimately consumes it. Whenever used in the context of Construction Services, the term Retail Customer also includes property owners, builders, developers, contractors, governmental entities, or any other organization, entity, or individual that is not a Competitive Retailer making a request for such services to the Company.

**RETAIL CUSTOMER'S ELECTRICAL INSTALLATION.** All conductors, equipment, or apparatus of any kind on Retail Customer's side of the Point of Delivery, except the Meter and Metering Equipment,

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used by or on behalf of Retail Customer in taking and consuming Electric Power and Energy delivered by Company.

**RETAIL CUSTOMER'S ELECTRICAL LOAD.** The power and energy required by all motors and other electricity-consuming devices located on Retail Customer's Premises that are operated simultaneously using Electric Power and Energy delivered by Company.

**RETAIL ELECTRIC PROVIDER or REP.** As defined in PURA §31.002(17), a person, certificated pursuant to PURA §39.352, that sells Electric Power and Energy to Retail Customers.

**RETAIL SEASONAL AGRICULTURAL CUSTOMER.** A customer whose Demand is subject to significant seasonal variation and that is primarily engaged in producing crops or processing crops subsequent to their harvest to prepare or store them for market or other processing, including, but not limited, to cotton ginning, irrigation, and the drying or storing of rice and grain. To be qualified as an irrigation customer under this definition, the pumping load must be for water that is used to raise agricultural crops.

**RIDER.** An attachment to a Rate Schedule that defines additional service options, pricing, conditions, and limitations for that class of service.

**SCHEDULED METER READ DATE.** Date Company is scheduled to read the Meter according to the Meter Reading Schedule.

**SERVICE AGREEMENT.** Any Commission-approved agreement between Company and a Retail Customer or between Company and a Competitive Retailer, which sets forth certain information, terms, obligations and/or conditions of Delivery Service pursuant to the provisions of this Tariff.

**SERVICE CALL.** The dispatch of a Company representative to a Delivery Service address or other designated location for investigation of a complete or partial service outage, irregularity, interruption or other service related issue.

**SETTLEMENT PROVISIONED METER:** An advanced meter as defined in P.U.C. SUBST. R. 25.130, Advanced Metering, that has been deployed by the Company, and for which 15-minute interval data is sent to and accepted by ERCOT for settlement purposes.

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**SWITCHING FEE.** Any fee or charge assessed to any Retail Customer or Competitive Retailer upon switching the Competitive Retailer that does not relate to recovering any utility cost or expenses already included in Commission-approved Delivery Charges included in Chapter 6 of this Tariff.

**TAMPER or TAMPERING.** Any unauthorized alteration, manipulation, change, modification, or diversion of the Delivery System, including Meter and Metering Equipment, that could adversely affect the integrity of billing data or the Company's ability to collect the data needed for billing or settlement. Tampering includes, but is not limited to, harming or defacing Company facilities, physically or electronically disorienting the Meter, attaching objects to the Meter, inserting objects into the Meter, altering billing and settlement data or other electrical or mechanical means of altering Delivery Service.

**TARIFF.** The document filed with, and approved by, the PUC pursuant to which Company provides Delivery Service. It is comprised of Rate Schedules, Riders, and service rules and regulations. The service rules and regulations include definitions, terms and conditions, policies, and Service Agreements.

**TEXAS SET, TX SET or SET.** A Standard Electronic Transaction as defined by the protocols adopted by the Commission or the Independent Organization.

**TRANSITION CHARGES or TC.** Charges established pursuant to a financing order issued by the Commission.

**VALID INVOICE.** An invoice transaction that contains all the information required by TX SET and is in compliance with TX SET standards as set forth in the TX SET Implementation Guides and Commission rules, and have not been rejected in accordance with the TX SET Implementation Guides and Commission Rules.

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## **CHAPTER 2: DESCRIPTION OF COMPANY'S CERTIFIED SERVICE AREA**

### **2.1 PRELIMINARY STATEMENT**

CenterPoint Energy Houston Electric, LLC is a Transmission and Distribution Utility, is responsible for the safe and reliable delivery of electric power to Retail Customers in the Texas Gulf Coast Region, estimated at approximately 5,000 square miles, in which are located Houston and approximately 165 other cities, villages and communities. The purchase of electric power by the Retail Customer is through the Customer's designated REP. This Tariff establishes the rates, terms and conditions, and policies for the operation of CenterPoint Energy Houston Electric, LLC and its relationship with Retail Customers and REPs.

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## 2.2 AREAS SERVED

### Counties Served

Austin Co.  
Brazoria Co.  
Chambers Co.  
Colorado Co.

Fort Bend Co.  
Galveston Co.  
Harris Co.  
Liberty Co.

Matagorda Co.  
Montgomery Co.  
Waller Co.  
Wharton Co.

### Incorporated Communities Served

Arcola\*  
Bayou Vista, Village of\*  
Baytown  
Beach City  
Beasley\*  
Bellaire  
Bonney\*  
Brazos Country  
Brookshire\*  
Brookside Village  
Bunker Hill  
Clear Lake Shores  
Clute  
Cove\*  
Danbury  
Deer Park  
East Bernard  
El Lago  
Fairchilds  
Freeport  
Fulshear  
Galena Park\*  
Galveston  
Hedwig Village  
Hillcrest Village\*  
Hilshire Village\*  
Hitchcock\*  
Houston  
Humble\*

Hunters Creek  
Iowa Colony\*  
Jacinto City\*  
Jamaica Beach Village\*  
Jersey Village  
Jones Creek  
Katy\*  
Kemah\*  
Kendleton\*  
Lake Jackson  
La Porte  
Liverpool\*  
Magnolia\*  
Manvel  
Meadows  
Missouri City  
Mont Belvieu\*  
Morgans Point\*  
Nassau Bay\*  
Needville\*  
Oak Ridge North  
Old River-Winfree\*  
Orchard\*  
Oyster Creek  
Pasadena  
Pattison\*  
Pearland  
Pine Island\*  
Piney Point Village\*

Pleak  
Prairie View\*  
Quintana  
Richmond  
Richwood  
Rosenberg  
San Felipe\*  
Sandy Point  
Santa Fe  
Seabrook  
Sealy  
Shoreacres  
Simonton  
South Houston  
Southside Place  
Spring Valley  
Stafford  
Stagecoach\*  
Sugar Land  
Surfside Beach Village  
Taylor Lake Village  
Thompsons  
Tiki Island  
Tomball\*  
Waller\*  
Wallis\*  
Webster  
West University Place  
Wharton

\*Relinquished original jurisdiction to the Public Utilities Commission of Texas.

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In addition to the incorporated communities listed above, a minority of the customers in the incorporated areas of Alvin, La Marque, League City, Friendswood, Dickinson, Texas City and West Columbia are served.

### **Unincorporated Communities Served**

Addicks	Crosby	Lissie
Aldine	Cypress	Longpoint
Algoa	Damon	Magnet
Alta Loma	Danciger	McNair
Arcadia	Decker Prairie	Mixville
Bacliff	Dewalt	Moonshine Hill
Bammel	Egypt	Newgulf
Barker	Foster	Peters
Barrett	Fresno	Pinehurst
Big Creek	Frydek	Pledger
Blue Ridge	Genoa	Racoon Bend
Boling	Glen Flora	Randon
Bonus	Gulf Park	Retrieve
Booth	Guy	Rose Hill
Burleigh	Highlands	Rosharon
Cedar Bayou	Hockley	San Leon
Channelview	Houston Point	Satsuma
Chenango	Huffman	Sheldon
Chesterville	Huffsmith	Spanish Camp
Clodine	Hungerford	Spring
Cloverleaf	Iago	Strang
Coady	Juliff	Tavener
Cochran	Lakewood	Virginia Point
Crabb	Lane City	Westfield

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## **CHAPTER 3: GENERAL SERVICE RULES & REGULATIONS**

### **3.1. APPLICABILITY**

This Tariff governs the rates, terms of access and conditions of the provision of Delivery Service by Company to Competitive Retailers and Retail Customers. The provisions of this Tariff shall uniformly apply to all Competitive Retailers and Retail Customers receiving Delivery Service from Company. This Tariff does not apply to the provision of Transmission Service by non-ERCOT utilities. Neither does this Tariff apply to the provision of Delivery Service to Wholesale Customers. To the extent that a financing order of the PUCT relating to securitization conflicts with any portion of this Tariff, the terms of such order shall be controlling.

Company will use reasonable diligence to comply with the operational and transactional requirements and timelines for provision of Delivery Service as specified in this Tariff and to comply with the requirements set forth by Applicable Legal Authorities to effectuate the requirements of the Tariff.

### **3.2 GENERAL**

Company will construct, own, operate, and maintain its Delivery System in accordance with Good Utility Practice for the Delivery of Electric Power and Energy to Retail Customers that are located within the Company's service territory and served by Competitive Retailers. Company has no ownership interest in any Electric Power and Energy it delivers. Company will provide to all Competitive Retailers access to the Delivery System pursuant to this Tariff, which establishes the rates, terms and conditions, and policies for such access. Company will provide Delivery Services to Retail Customers and Competitive Retailers pursuant to this Tariff. Company shall provide access to the Delivery System on a nondiscriminatory basis to all Competitive Retailers and shall provide Delivery Service on a nondiscriminatory basis to all Retail Customers and Competitive Retailers.

This tariff is intended to provide for uniform Delivery Service to all Competitive Retailers within Company's service area.

### **3.3 DESCRIPTION OF SERVICE**

Company will provide Delivery Service for Electric Power and Energy of the standard characteristics available in the locality in which the Premises to be served are situated. All types of Delivery Service offered by Company are not available at all locations. Company will provide Delivery Service at Company's standard voltages. Requestors of Delivery Service should obtain from Company the phase and voltage of the service available before committing to the purchase of motors or other equipment, and Company is not responsible if the requested phase and voltage of service are not available. The standard Delivery System Service offered by Company is for alternating current with a nominal frequency of 60 hertz (cycles per second). Delivery Services

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may be provided at the secondary, primary, or transmission voltage level as specified under the appropriate Rate Schedule.

The provision of Delivery Service by Company is subject to the terms of any Service Agreements, the terms and conditions of this Tariff, and Applicable Legal Authorities.

### **3.4 CHARGES ASSOCIATED WITH DELIVERY SERVICE**

All charges associated with a Delivery Service provided by Company must be authorized by the Commission and included as a Tariffed charge in Section 6.1, RATE SCHEDULES.

### **3.5 AVAILABILITY OF TARIFF**

Copies of this Tariff are on file with the Commission and are also available for inspection at any business office of the Company. Company will provide a Competitive Retailer and Retail Customer, upon request and at no cost, a copy of the Rate Schedule under which Delivery Service is provided to Retail Customer. Additional copies of its Rate Schedules, or any portion of this Tariff, shall be provided by Company pursuant to the Rate Schedules included in this Tariff. Company shall post on its Internet site a copy of its current, complete Tariff in a standard electronic format for downloading free of charge.

### **3.6 CHANGES TO TARIFF**

This Tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with the laws of the State of Texas and the rules and regulations of the PUC, and such changes, when effective, shall have the same force and effect as the present Tariff. Company retains the right to file an application requesting a change in its rates, charges, classifications, services, rules, or any provision of this Tariff or agreement relating thereto and will comply with all laws and rules concerning the provision of notice concerning any such application. Any agreement made pursuant to this Tariff shall be deemed to be modified to conform to any changes in this Tariff as of the date of the effectiveness of such change. No agent, officer, director, employee, assignee or representative of Company has authority to modify the provisions of this Tariff or to bind Company by any promise or representation contrary to the terms of this Tariff except as expressly permitted by the PUC. In the event that Company determines it necessary to change its application of an existing Tariff provision, Company shall notify the designated contact of all Competitive Retailers certified to serve customers in its service territory, at least 30 Business Days in advance of any change in application of an existing Tariff provision.

### **3.7 NON-DISCRIMINATION**

Company shall discharge its responsibilities under this Tariff in a neutral manner, not favoring or burdening any particular Competitive Retailer or Retail Customer. Company will comply with Applicable Legal Authorities

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regarding relations with affiliates, or the Affiliated Retail Electric Provider in its service territory and, unless otherwise authorized by such Applicable Legal Authorities, will not provide its affiliates, or the Affiliated Retail Electric Provider in its service territory, or Retail Customers doing business with its affiliates, any preference over non-affiliated retailers or their Retail Customers in the provision of Delivery Services under this Tariff. Company shall process requests for Delivery Services in a non-discriminatory manner without regard to the affiliation of a Competitive Retailer or its Retail Customers, and consistent with Applicable Legal Authorities.

### **3.8 FORM OF NOTICE**

A notice, demand or request required or authorized under this Tariff to be given by any party to any other party shall be in paper format or conveyed electronically, as specified in the section of this Tariff requiring such notice. Electronic notice shall be given in accordance with the appropriate TX SET protocol if a TX SET transaction exists. Any notice, demand or request provided electronically, other than those for which a standard market transaction exists, shall be deemed delivered when received by the designated contact. Notice provided in paper format shall either be personally delivered, transmitted by telecopy or facsimile equipment (with receipt confirmed), sent by overnight courier or mailed, by certified mail, return receipt requested, postage pre-paid, to the designated contact. Any such notice, demand or request in paper format shall be deemed to be given when so delivered or three days after mailed unless the party asserting that such notice was provided is unable to show evidence of its delivery. The designated contact is the contact designated in the Delivery Service Agreement or contact(s) otherwise agreed to by the parties, except that for notices required under Sections 4.4.6 and 4.6 of the Tariff, the “designated contact” shall be the contact(s) designated in the Delivery Service Agreement.

### **3.9 DESIGNATION OF COMPANY CONTACT PERSONS FOR MATTERS RELATING TO DELIVERY SERVICE**

Company shall designate a person(s) who will serve as the Company’s contact for all matters relating to Delivery Service provided to Competitive Retailers. Company shall also designate a person(s) who will serve as the Company’s contact for all matters relating to Delivery Service provided to Retail Customers. Company shall identify to the Commission a Delivery Service contact person(s), either by name or by title, and shall provide convenient access through its Internet website to the name or title, telephone number, mailing address and electronic mail address of its Delivery Service contact person(s). Company may change its designation by providing notice to the Commission, and Competitive Retailers utilizing Delivery Service by the Company, updating such information on the Company’s website, and by direct notice to Retail Customer requesting Construction Service.

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### **3.10 INVOICING TO STATE AGENCIES**

Notwithstanding any provisions in this Tariff with respect to when invoices become past due and imposing an increased amount if invoices are not paid within a specified time, all invoices rendered directly to a “State Agency,” as that term is defined in Chapter 2251 of the Government Code, shall be due and shall bear interest if overdue as provided in Chapter 2251.

### **3.11 GOVERNING LAWS AND REGULATIONS**

Company’s provision of Delivery Service is governed by all Applicable Legal Authorities as defined herein. This Tariff is to be interpreted to conform therewith. Changes in applicable laws, rules, or regulations shall become effective with regard to this Tariff, and any Service Agreements made pursuant to it, as of the effective date of such law, rule or regulation.

### **3.12 GOOD-FAITH OBLIGATION**

Company, Competitive Retailer, and Retail Customer will cooperate in good-faith to fulfill all duties, obligations, and rights set forth in this Tariff. Company, Competitive Retailer, and Retail Customer will negotiate in good-faith with each other concerning the details of carrying out their duties, obligations, and rights set forth in this Tariff.

### **3.13 QUALITY OF DELIVERY SERVICE**

Company will use reasonable diligence to provide continuous and adequate Delivery of Electric Power and Energy in conformance with Applicable Legal Authorities, but Company does not guarantee against irregularities or interruptions.

### **3.14 COOPERATION IN EMERGENCIES**

Company, Competitive Retailer, and any Retail Customer shall cooperate with each other, the Independent Organization and any other affected entities in the event of an emergency condition affecting the Delivery of Electric Power and Energy or the safety and security of persons and property.

### **3.15 SUCCESSORS AND ASSIGNS**

This Tariff shall inure to the benefit of, and be binding upon, Company, Competitive Retailer, and Retail Customer and their respective successors and permitted assigns.

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### **3.16 EXERCISE OF RIGHT TO CONSENT**

Company, Competitive Retailer, or Retail Customer shall not unreasonably withhold, condition, or delay giving any consent required for another party to exercise rights conferred under this Tariff that are made subject to that consent. Company, Competitive Retailer, or Retail Customer further shall not unreasonably withhold, condition, or delay their performance of any obligation or duty imposed under this Tariff.

### **3.17 WAIVERS**

The failure of Company, Competitive Retailer, or Retail Customer to insist in any one or more instances upon strict performance of any of the provisions of this Tariff, or to take advantage of any of its rights under this Tariff, shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

### **3.18 NON-BUSINESS DAY DESIGNATIONS**

Company recognizes the following holidays on their day of federal observance: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after Thanksgiving Day, and Christmas Day. Company may designate other days as Non-Business Days to reflect additional holiday observances by posting the designation on the Company website no later than October 31 of the preceding calendar year.

### **3.19 PUBLIC SERVICE NOTICE**

Company shall, as required by the Commission after reasonable notice, provide public service notices.

### **3.20 HEADINGS**

The descriptive headings of the various sections of this Tariff have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions hereof.

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**CHAPTER 4: SERVICE RULES AND REGULATIONS RELATING TO ACCESS TO DELIVERY  
SYSTEM OF COMPANY BY COMPETITIVE RETAILERS**

**4.1 GENERAL SERVICE RULES AND REGULATIONS**

**4.1.1 APPLICABILITY OF CHAPTER**

This Chapter governs the terms of access to and conditions of the provision of Delivery Service by Company to Competitive Retailers, whether the Competitive Retailer has entered into a Service Agreement or not. This Chapter also applies to Competitive Retailers utilizing the Delivery System of the Company unlawfully or pursuant to unauthorized use. The provisions of this Chapter shall uniformly apply to all Competitive Retailers receiving Delivery Service from Company.

**4.1.2 REQUIRED NOTICE**

Notice to Competitive Retailer and Company shall be provided pursuant to Section 3.8, FORM OF NOTICE.

**4.2 LIMITS ON LIABILITY**

**4.2.1 LIABILITY BETWEEN COMPANY AND COMPETITIVE RETAILERS**

This Tariff is not intended to limit the liability of Company or Competitive Retailer for damages except as expressly provided in this Tariff.

*Company will make reasonable provisions to supply steady and continuous Delivery Service, but does not guarantee the Delivery Service against fluctuations or interruptions. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity, occasioned by fluctuations or interruptions unless it be shown that Company has not made reasonable provision to supply steady and continuous Delivery Service, consistent with the Retail Customer's class of service, and in the event of a failure to make such reasonable provisions (whether as a result of negligence or otherwise), Company's liability shall be limited to the cost of necessary repairs of physical damage proximately caused by the service failure to those electrical Delivery facilities of Retail Customer which were then equipped with the protective safeguards recommended or required by the then current edition of the National Electrical Code.*

However, if damages result from fluctuations or interruptions in Delivery Service that are caused by Company's or Competitive Retailer's gross negligence or intentional misconduct, this Tariff shall not preclude recovery of appropriate damages when legally due.

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#### **4.2.2 LIMITATION OF DUTY AND LIABILITY OF COMPETITIVE RETAILER**

*Competitive Retailer has no ownership, right of control, or duty to Company, Retail Customer or other third party, regarding the design, construction or operation of Company's Delivery System. Competitive Retailer shall not be liable to any person or entity for any damages, direct, indirect or consequential, including, but without limitation, loss of business, loss of profits or revenue, or loss of production capacity, occasioned by any fluctuations or interruptions of Delivery Service caused, in whole or in part, by the design, construction or operation of Company's Delivery System.*

#### **4.2.3 DUTY TO AVOID OR MITIGATE DAMAGES**

Company and Competitive Retailer shall use reasonable efforts to avoid or mitigate its damages or losses suffered as a result of the other's culpable behavior under Section 4.2.1, LIABILITY BETWEEN COMPANY AND COMPETITIVE RETAILERS.

#### **4.2.4 FORCE MAJEURE**

*Neither Company nor Competitive Retailer shall be liable for damages for any act or event that is beyond such party's control and which could not be reasonably anticipated and prevented through the use of reasonable measures, including, but not limited to, an act of God, act of the public enemy, war, insurrection, riot, fire, explosion, labor disturbance or strike, wildlife, unavoidable accident, equipment or material shortage, breakdown or accident to machinery or equipment, or good-faith compliance with a then valid curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, including any order or directive of the Independent Organization.*

#### **4.2.5 EMERGENCIES AND NECESSARY INTERRUPTIONS**

Company may curtail, reduce voltage, or interrupt Delivery Service in the event of an emergency arising anywhere on the Company's Delivery System or the interconnected systems of which it is a part, when the emergency poses a threat to the integrity of its Delivery System or the systems to which it is directly or indirectly connected if, in its sole judgment, such action may prevent or alleviate the emergency condition. Company may interrupt service when necessary, in the Company's sole judgment, for inspection, test, repair, or changes in the Delivery System, or when such interruption will lessen or remove possible danger to life or property, or will aid in the restoration of Delivery Service.

Company shall provide advance notice to Competitive Retailer of such actions, if reasonably possible. Such notice may be provided by electronic notice to all certificated Competitive Retailers operating within the Company's service territory with specific identification of location, time and expected duration of the outage. Notice shall also be provided, if reasonably possible, to those Retail Customers designated as

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critical care residential customers, chronic condition residential customers, critical load industrial customers, or critical load public safety customers.

Nothing herein shall prevent the Company from being liable if found to be grossly negligent or to have committed intentional misconduct with respect to its exercise of its authority in this Tariff.

The operation of Broadband over Powerline (BPL) shall not interfere with or diminish the reliability of Company's Delivery System. Should a disruption in the provision of Delivery Service occur due to BPL, Company shall prioritize restoration of Delivery Service prior to restoration of BPL-related systems.

#### **4.2.6 LIMITATION OF WARRANTIES BY COMPANY**

*Company makes no warranties with regard to the provision of Delivery Service and disclaims any and all warranties, express or implied, including, but without limitation, warranties of merchantability or fitness for a particular purpose.*

### **4.3 SERVICE**

#### **4.3.1 ELIGIBILITY**

A Competitive Retailer is eligible for Delivery Service when:

- (1) The Competitive Retailer and Company have received written notice from the Independent Organization certifying the Competitive Retailer's successful completion of market testing, including receipt of the digital certificate pursuant to Applicable Legal Authorities. Market testing will be conducted in accordance with a test plan as specified by Applicable Legal Authorities. Company and Competitive Retailer shall use best efforts to timely complete market testing; and
- (2) Competitive Retailer and Company execute a Delivery Service Agreement; or
- (3) In the event that subsection (1) has been satisfied, and Competitive Retailer has executed and delivered the Delivery Service Agreement to Company but Company has failed to execute the agreement within two Business Days of its receipt, Competitive Retailer shall be deemed eligible for Delivery Service during an interim period of Commission investigation by filing the unexecuted Delivery Service Agreement with the Commission for investigation into the reasons for such non-execution by Company.

#### **4.3.2 INITIATION OF DELIVERY SYSTEM SERVICE (SERVICE CONNECTION)**

For purposes of this section, "initiation of Delivery System Service" refers to the actions taken by Company to energize a Retail Customer's connection to the Delivery System.

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**4.3.2.1 INITIATION OF DELIVERY SYSTEM SERVICE WHERE  
CONSTRUCTION SERVICES ARE NOT REQUIRED**

Where existing Company facilities will be used for Delivery System Service and no Construction Service is needed, Company shall initiate Delivery System Service for Retail Customer if requested by Competitive Retailer through the Registration Agent unless:

- (1) The Retail Customer's Electrical Installation is known to be hazardous under applicable Codes, or is of such character that satisfactory Delivery System Service cannot be provided consistent with Good Utility Practice, or interferes with the service of other Retail Customers, or unless a known dangerous condition exists as long as it exists; or
- (2) The Competitive Retailer is not eligible for Delivery Service under Section 4.3.1, ELIGIBILITY or the Competitive Retailer or Retail Customer is in default under this Tariff. Retail Customer is considered to be in default if Retail Customer fails to satisfy any material obligation under this Tariff after being given notice of the failure and at least ten days to cure.

If a charge has been authorized by the Commission, Company may assess a charge for service connection pursuant to Section 6.1, RATE SCHEDULES.

Requests for new Delivery System Service made by Competitive Retailer on behalf of Retail Customer which include the corresponding TX SET code for standard service, and are received by Company at least two Business Days prior to the Competitive Retailer's requested date shall be completed no later than the requested date. Requests received after 5:00 PM CPT or on a day that is not a Business Day, shall be considered received on the next Business Day. If the request is received less than two Business Days prior to the requested date, the Move-In will be scheduled for the Business Day that is two Business Days after the date the request is received. If the requested date is not a Business Day, the Move-In will be scheduled for the first Business Day following the requested date. This service is not available if inspections and permits, or other construction is required.

**4.3.2.2 INITIATION OF DELIVERY SYSTEM SERVICE WHERE  
CONSTRUCTION SERVICES ARE REQUIRED**

Where Construction Services are required prior to the initiation of Delivery System Service, Competitive Retailer may request initiation of Delivery System Service on behalf of Retail Customer. All such requests shall be governed by the provisions in Section 5.7, FACILITIES EXTENSION POLICY. After completion of Construction Service, Company shall initiate Delivery System Service in accordance with Section 4.3.2.1, INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED.

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#### **4.3.3 REQUESTS FOR DISCRETIONARY SERVICES INCLUDING CONSTRUCTION SERVICES**

A Competitive Retailer may request Discretionary Services from Company. Such requests for Discretionary Service must include the following information and any additional data elements required by Applicable Legal Authorities:

- (1) Retail Customer contact name;
- (2) Retail Customer contact phone number;
- (3) ESI ID, if in existence;
- (4) Service address (including City and zip code) and directions to location, and access instructions as needed;
- (5) Discretionary Services requested; and
- (6) Date requested for Company to perform or provide Discretionary Services.

For an electronic service request sent by Competitive Retailer, Company will acknowledge receipt of Competitive Retailer's electronic service request and will notify Competitive Retailer upon completion of the service request as required by Applicable Legal Authorities. Such notification shall include the date when the service was completed in the field. For requests involving Construction Services, Company will contact the designated person to make proper arrangements for Construction Service pursuant to Section 5.7, FACILITIES EXTENSION POLICY.

Competitive Retailer shall be responsible for informing its Retail Customers how to obtain Discretionary Services, including Construction Services consistent with the requirements of Section 4.11, OUTAGE AND SERVICE REQUEST REPORTING.

#### **4.3.4 CHANGING OF DESIGNATED COMPETITIVE RETAILER**

Company shall change a Retail Customer's designated Competitive Retailer upon receipt of proper notification from the Registration Agent, in accordance with Applicable Legal Authorities, unless the new Competitive Retailer is in default under the Tariff. Competitive Retailer may request an out-of-cycle Meter Read subject to charges and timeframes specified in Chapter 6. Charges for an out-of-cycle Meter Read shall be applied only if data is collected for an Actual Meter Reading. As provided by Chapter 6, separate charges may apply in the event a trip is made to collect the data, but collection of data is prevented due to lack of access to the Meter, or estimation is necessary to complete a mass transition of customers within a specified time, as required by Applicable Legal Authorities. Otherwise, no charge shall be applied if Billing Determinants are estimated. Company shall honor the requested switch date contained in the TX SET transaction in accordance with Applicable Legal Authorities to the extent that Company has received the request within the timeframes established in Applicable Legal Authorities. Company shall release

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proprietary customer information to the designated Competitive Retailer in a manner prescribed by the Applicable Legal Authorities.

#### **4.3.5 SWITCHING FEE**

Company shall not charge Competitive Retailer for a change of designation of a Retail Customer's Competitive Retailer.

#### **4.3.6 IDENTIFICATION OF THE PREMISES AND SELECTION OF RATE SCHEDULES**

The establishment, assignment and maintenance of ESI IDs shall be as determined by Applicable Legal Authorities. In addition, Company shall:

1. Assign a unique ESI ID for each Point of Delivery, or in the case of non-Metered load, a unique ESI ID to each Premises, in accordance with Applicable Legal Authorities;
2. Establish separate and distinct ESI IDs for temporary and permanent service. The temporary ESI ID shall be retired after all market transactions associated with the temporary ESI ID have been completed. If the temporary Meter has been used for the same Premises for which the permanent Meter will be used, the same ESI ID may be used for temporary and permanent service;
3. Identify, assign, and maintain ESI IDs with the appropriate load profile, Meter Reading cycle, and other information necessary for accurate settlement of the wholesale market, unless such functions are undertaken by the Independent Organization;
4. Notify the Competitive Retailer and Independent Organization, using the appropriate TX SET transaction, of revisions in the assignment of a Rate Schedule; and
5. Maintain accurate United States Postal Service compliant services addresses, when available, to comply with Applicable Legal Authorities. Not later than July 1, 2007, when there are two or more ESI IDs for the same service address, the service address shall include information to distinguish between the Points of Delivery at the service address.

The Rate Schedules included in this Tariff state the conditions under which Company's Delivery Services are available and the applicable rates for each Delivery Service. For service to a new Retail Customer at an existing Premises, the Company shall reset all Demand ratchets and Retail Customer's Billing Demand and charges for Delivery Service shall not be determined based upon Premises history not associated with the new Retail Customer or on Retail Customer's previous history at a prior location unless Company's current base rates were set based upon the assumption that the Demand ratchet would not be reset, in which case, Company shall begin resetting Demand ratchets for new customers no later than the conclusion of its next general rate case. If requested by the Competitive Retailer, Company will assist in selecting the Rate Schedule that is best suited to existing or anticipated Retail Customer's Delivery Service requirements. However, Company does not assume responsibility for the selection of the Rate Schedule or for any failure to select the most appropriate Rate Schedule for the Retail Customers' Delivery Service requirements.

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Upon the request of the Retail Customer's Competitive Retailer, the Company shall switch a Retail Customer's Rate Schedule to any applicable Rate Schedule for which the Retail Customer is eligible.

Subsequent to the selection of a Rate Schedule, the Competitive Retailer shall notify Company of any change of which it is aware in the Retail Customer's Electrical Installation or use of Premises that may affect the applicability of a Rate Schedule.

Upon notice to the Competitive Retailer, Company may change a Retail Customer's Rate Schedule if Company is made aware that the Retail Customer is no longer eligible to receive service under its current Rate Schedule.

A change in Rate Schedule that does not require a change in Billing Determinants, shall be applicable for the entire billing cycle in which the change in Rate Schedule is made if the request is made at least two Business Days before the scheduled Meter Read date for that Retail Customer. If a change in the Company's facilities, the Meter used to serve a Retail Customer, or a Rate Schedule requires a different methodology or different Billing Determinants, then such change shall be effective in the next full billing cycle.

#### **4.3.7 PROVISION OF DATA BY COMPETITIVE RETAILER TO COMPANY**

Competitive Retailer shall timely supply to Company all data, materials, or other information specified in this Tariff, including current customer names, telephone number, and mailing address, in connection with Company's provision of Delivery Services to Competitive Retailer's Retail Customers, if required. Such information shall be used only for Company operations or in transitions of customers to another REP or POLR in accordance with Applicable Legal Authorities and will be subject to the provisions of the code of conduct rule, P.U.C. SUBST. R. 25.272(g), Code of Conduct for Electric Utilities and Their Affiliates.

Regardless of any information provided on an outage or service request, and regardless of the option chosen, a Competitive Retailer shall provide to Company, on the TX SET transaction intended for maintenance of current Retail Customer contact information, the information needed to verify Retail Customer's identity (name, address and telephone number) for a particular Point of Delivery served by Competitive Retailer and shall periodically provide Company updates of such information, in the manner prescribed by Applicable Legal Authorities. The requirement that a Competitive Retailer provide the information listed above, regardless of the option chosen shall be effective July 1, 2007.

#### **4.3.8 SUSPENSION OF DELIVERY SERVICE**

##### **4.3.8.1 SUSPENSIONS WITHOUT PRIOR NOTICE**

Company may, without prior notice, intentionally suspend Delivery Service to a Competitive Retailer's Retail Customer where a known dangerous condition exists for as long as the condition

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exists, provided that such suspension does not result in other dangerous or life-threatening conditions. Company shall notify, as soon as practicably possible, the affected Retail Customer's Competitive Retailer of suspensions for the above reason.

Company may also suspend service without prior notice when such suspension is authorized by Applicable Legal Authorities.

If suspensions or interruptions are conducted pursuant to Section 4.2.5, EMERGENCIES AND NECESSARY INTERRUPTIONS and advance notice was not able to be reasonably provided, the Company shall provide notice as soon as reasonably possible after the suspension. Such notice may be provided by electronic notice to all certificated Competitive Retailers operating within Company's service territory, specifically identifying the location, time and expected duration of the outage.

Nothing in this section is intended to take precedence over the timely restoration of service.

#### **4.3.9 CRITICAL CARE/CHRONIC CONDITION/CRITICAL LOAD CUSTOMER DESIGNATION**

##### **4.3.9.1 CRITICAL CARE OR CHRONIC CONDITION RESIDENTIAL CUSTOMER STATUS**

Upon receipt of an application for eligibility for critical care or chronic condition residential status, Company shall:

- (1) Follow the procedures outlined in P.U.C. SUBST. R. 25.497 for processing the application and designating a Retail Customer as a critical care residential customer or chronic condition residential customer and for notifying the Competitive Retailer and Retail Customer of any designation and any change in Retail Customer's designation;
- (2) Follow the requirements under P.U.C. SUBST. R. 25.497 for sending renewal notices to a Retail Customer designated as a critical care residential customer or chronic condition residential customer; and
- (3) Ensure ESI IDs are properly identified for critical care or chronic condition status in Company systems and on applicable Retail Market transactions.

##### **4.3.9.2 CRITICAL LOAD INDUSTRIAL CUSTOMER OR CRITICAL LOAD PUBLIC SAFETY**

Upon receipt of a request for designation as a critical load industrial customer or critical load public safety customer Company shall:

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- (1) Follow the Company-established process for evaluating the request for Critical Load status in collaboration with the Retail Customer's Competitive Retailer and Retail Customer and determine Retail Customer's eligibility for the appropriate Critical Load designation within one month of Company's receipt of the application;
- (2) Follow the Company-established process for appeal and notify the Competitive Retailer and Retail Customer of any change in qualification based on the appeal; and
- (3) Ensure ESI IDs are properly identified for critical load status in Company systems and on applicable Retail Market transactions.

#### **4.3.9.3 OTHER COMPANY RESPONSIBILITIES**

Company shall fulfill any other responsibilities pursuant to P.U.C. Subst. R. 25.497.

#### **4.3.10 NOTICED SUSPENSION NOT RELATED TO EMERGENCIES OR NECESSARY INTERRUPTIONS**

Upon notice to Competitive Retailer, Company may suspend Delivery Service to Retail Customer:

- (1) In the event of unauthorized use, unauthorized connection or reconnection, or diversion of service or Tampering with the Meter or Metering Equipment or bypassing same;
- (2) In the event of Retail Customer's violation of the provisions of Company's Tariff pertaining to the use of Delivery Service in a manner which interferes with the Delivery Service of others or the operation of nonstandard equipment, or as otherwise specified by written agreement, and a reasonable opportunity has been provided to remedy the situation;
- (3) Upon Retail Customer's failure to comply with the terms of any written agreement made between Company and Retail Customer, upon default of Retail Customer under such an agreement, or upon failure to pay any charges billed by Company directly to Retail Customer pursuant to Section 5.8.2, BILLING TO RETAIL CUSTOMER BY COMPANY after a reasonable opportunity has been provided to remedy the failure;
- (4) For Retail Customer's failure to provide Company with reasonable access to Company's facilities or the Meter located on Retail Customer's Premises after a reasonable opportunity has been provided to remedy the situation; or
- (5) Upon Company's receipt of a notice requiring such action, in the form and from the party specified by Applicable Legal Authorities. Company will not be responsible for monitoring or reviewing the appropriateness of any such notice except as provided in Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION.

Company shall provide electronic notice pursuant to Section 3.8, FORM OF NOTICE, of any noticed suspension of service to Competitive Retailers, operating in its service territory specifically identifying the

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time, location (if possible), cause and expected duration of such suspension. Company shall perform all suspensions or disconnects in accordance with Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION.

#### **4.3.11 RESTORATION OF DELIVERY SERVICE**

Company will conduct restoration efforts as soon as possible following the alleviation or correction of the conditions that cause a suspension or disconnection and provide notice of restoration of service as soon as practicably possible.

#### **4.3.12 DISCONNECTION OF SERVICE TO RETAIL CUSTOMER'S FACILITIES AT THE REQUEST OF COMPETITIVE RETAILER**

Except as provided in Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION, Company will not be responsible for monitoring or reviewing the appropriateness of any notice from a Competitive Retailer requesting connection, disconnection, or suspension of Delivery Service to Retail Customer.

##### **4.3.12.1 MOVE OUT REQUEST**

In the event that Retail Customer is vacating the Premises and Competitive Retailer no longer desires to be associated with the Point of Delivery, Competitive Retailer shall notify the Registration Agent of the date Competitive Retailer desires Company to discontinue Delivery Service to a particular Point of Delivery through a move-out transaction. Company shall discontinue Delivery Service to the Point of Delivery on the requested date provided the Company receives the transaction at least two Business Days prior to the requested date. A transaction received after 5:00 PM CPT on a Business Day, or on a day that is not a Business Day, will be considered received on the next Business Day. If the request is received less than two Business Days prior to the requested date, the Move-Out will be scheduled for the Business Day that is two Business Days after the date the request is received. If the requested date is not a Business Day, the move-out will be scheduled for the first Business Day following the requested date. Competitive Retailer shall not be responsible for any Delivery Services provided to that Point of Delivery after the move-out is effectuated unless specifically requested by the Competitive Retailer, and applicable to the time the Competitive Retailer was the Competitive Retailer of Record.

##### **4.3.12.2 DISCONNECTION DUE TO NON-PAYMENT OF COMPETITIVE RETAILER CHARGES; RECONNECTION AFTER DISCONNECTION**

Competitive Retailer may request disconnection for non-payment by Retail Customer or reconnection thereafter as authorized by the Commission's customer protection rules and in

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accordance with Chapter 6 of the tariff. The execution of a disconnection for non-payment does not relieve the Competitive Retailer of responsibility for any Delivery Services provided to that Point of Delivery.

For premises without a provisioned advanced meter, for premises with a provisioned advanced meter without remote disconnect/connect capabilities, and for premises with a provisioned advanced meter that Company cannot successfully communicate with at the time Company attempts to execute the request by using Company's advanced metering system, standard reconnect requests received by Company by 2:00 PM CPT on a Business Day shall be reconnected that day. For such premises, standard reconnect requests received by Company after 2:00 PM CPT on a Business Day shall be reconnected that day, if possible, but no later than the close of Company's next field operational day.

For premises with a provisioned advanced meter with remote disconnect/connect capabilities and for which the Company can successfully communicate with that provisioned advanced meter at the time Company attempts to execute the request by using Company's advanced metering system, standard reconnect requests received by Company from 8:00 AM CPT to 7:00 PM CPT on a Business Day shall be reconnected within 2 hours of receipt of a request.

For premises with a provisioned advanced meter with remote disconnect/connect capabilities where the Competitive Retailer provides prepaid service under P.U.C. SUBST. R. 25.498, Retail Electric Service Using a Customer Prepayment Device or System, standard reconnect requests received by the Company from 8:00 AM CPT to 7:00 PM CPT on a Business Day shall be reconnected within 1 hour of receipt of request.

For all premises, standard reconnect requests received by Company between 2:00 PM CPT and 5:00 PM CPT on a Business Day shall be reconnected that day if possible, but no later than the close of Company's next field operational day. Standard reconnect requests received by Company after 7:00 PM CPT or on a day that is not a Business Day may be considered received at 8:00 AM CPT on the next Business Day.

#### **4.3.13 CUSTOMER REQUESTED CLEARANCE**

At the request of Competitive Retailer for Retail Customer related construction, alteration, or other temporary clearance, Company shall disconnect Retail Customer's facilities in accordance with Chapter 6.

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#### **4.4 BILLING AND REMITTANCE**

##### **4.4.1 CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE INVOICES**

Not later than three Business Days after the scheduled date of a Meter Read for a Point of Delivery, Company shall transmit an electronic invoice for the Company's total Delivery System Charges associated with that Point of Delivery, to the Competitive Retailer supplying Electric Power and Energy to that Point of Delivery. Company shall separately identify the Delivery System Charges and Billing Determinants on the electronic invoice, to the extent that the transaction allows them to be reported, for each Point of Delivery served by a Competitive Retailer. Company shall provide information on any Billing Determinants not provided on the electronic transaction free of charge to Competitive Retailer upon request, within two Business Days from the receipt of the request. The start and end dates for the billing period contained on the invoice shall match the start and end dates of the Meter Read for the Premises.

Charges for Discretionary Services, other than Construction Services, provided to a particular Point of Delivery shall be separately identified on the invoice. Electronic invoices shall be transmitted using the appropriate TX SET transaction and shall be consistent with the terms and conditions of this Tariff. The Competitive Retailer shall acknowledge the receipt of the invoice and indicate whether the transaction conformed with ANSI X12 using the appropriate TX SET transaction within 24 hours of the receipt of the invoice. If Company receives a negative acknowledgement indicating the transaction failed ANSI X12 validation, Company shall correct any Company errors and re-issue the transaction within two Business Days of receipt of the negative acknowledgement. Following a positive acknowledgement indicating the transaction passed ANSI X12 validation, the Competitive Retailer shall have five Business Days to send a rejection response in accordance with the TX SET Implementation Guides and Commission Rules. However, if the Competitive Retailer receives an invoice relating to an ESI ID for which the Competitive Retailer has sent an enrollment or move-in request but has not received a response transaction from ERCOT, then the Competitive Retailer shall allow four Business Days to receive the response. If the Competitive Retailer has still not received the response transaction, the Competitive Retailer shall not reject the invoice, but will utilize an approved market process to resolve the issue. Additionally, a Competitive Retailer shall not reject an invoice, claiming it is not a Valid Invoice, outside the timelines specified in this subsection, or without supplying appropriate rejection reasons in accordance with TX SET Implementation Guides and Commission Rules. A Competitive Retailer may dispute a Valid Invoice under Section 4.4.8, INVOICE DISPUTES, but not reject it.

##### **4.4.2 CALCULATION AND TRANSMITTAL OF CONSTRUCTION SERVICE CHARGES**

Construction Service Charges shall be invoiced to the entity requesting such service. If Competitive Retailer has requested such a service, Company shall include the Construction Service Charge associated

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with that service as a separately identified item on the invoice provided pursuant to Section 4.4.1, CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE INVOICES.

#### **4.4.3 INVOICE CORRECTIONS**

Invoices shall be subject to adjustment for estimation or errors, including, but not limited to, arithmetic errors, computational errors, meter inaccuracies, and Meter Reading errors. Company shall cancel and re-bill the original invoice that was incorrect and apply any payments made as provided by Applicable Legal Authorities. If it is determined that Company over-billed for Delivery Charges, Company will make adjustment(s) associated with the Point of Delivery for the entire period of over-billing. Interest shall be paid on any overcharge not corrected within three billing cycles of the occurrence of the error (or estimation) at a rate set by the Commission, compounded monthly, from the date of payment of the overcharged amount through the date of the refund. If it is determined that Company under-billed for Delivery Charges, Company will promptly issue a corrected invoice. Company may not charge interest on underbilled amounts unless such amounts are found to be the result of theft of service. Company may not issue an invoice for underbillings for adjustments more than 150 days after the date the original invoice was issued or should have been issued.

All invoices with estimations shall be true-up within 150 days of the estimation. If Company does not true-up an underbilling within 150 days, Company may not bill for the difference it has underbilled. If Company has over-billed due to an estimation, Company shall refund the difference for the entire period.

Company shall render a corrected invoice within seven days of the date of resolution of the error unless otherwise prohibited by this section.

Disputes about invoice corrections shall be governed by Section 4.9, DISPUTE RESOLUTION PROCEDURES.

#### **4.4.4 BILLING CYCLE**

Unless otherwise stated in the applicable Rate Schedule or as provided in Section 4.8.1.3, OUT-OF-CYCLE METER READS, invoiced charges shall be based on a cycle of approximately one month.

The Competitive Retailer shall have the right to request a one-time adjustment to a Retail Customer's Meter Reading/billing cycle. The Competitive Retailer must select another Company-defined Meter Reading Schedule, if available for that account, unless the Retail Customer has remote Meter Reading capability, in which case the Competitive Retailer has the right to arrange for any Meter Read/billing cycle subject to Company's and ERCOT's Meter data processing capabilities. Company shall notify Competitive Retailer of any permanent changes in billing cycle or Meter Reading Schedules. Notification shall be provided in accordance with appropriate TX SET protocol. Company's Meter Reading Schedules will be

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made available on Company's website for the next year by December 15. Company shall provide 60 days notice for any changes in the Meter Reading Schedule.

#### **4.4.5 REMITTANCE OF INVOICED CHARGES**

Payments for all Delivery Charges invoiced to Competitive Retailer shall be due 35 calendar days after the date of Company's transmittal of a Valid Invoice. The 35 calendar day payment provision shall not apply to invoices that have been rejected using Applicable Legal Authorities. Disputed invoiced amounts shall be governed by Section 4.4.8, INVOICE DISPUTES. Payments are due without regard to whether or when the Competitive Retailer receives payment from its Retail Customer(s). The Company shall specify the due date on the invoice, and the due date shall be the 35<sup>th</sup> calendar day after the transmittal date of the Valid Invoice, unless the 35<sup>th</sup> day falls on a weekend or Banking Holiday, in which case the due date shall be the following Business Day that is not a Banking Holiday. Electronic invoices transmitted after 5:00 p.m. CPT shall be considered transmitted on the next calendar day.

Notwithstanding the above, Company and Competitive Retailer may mutually agree to different billing and payment timelines for Discretionary Services, provided that such terms are afforded on a non-discriminatory basis to all Competitive Retailers.

Competitive Retailer shall pay the invoice by electronic funds transfer (EFT) or by wire transfer (WT) to a bank designated by Company. Payment will be considered received on the date Company's bank receives the EFT or WT and the appropriate remittance advice is received by Company in accordance with the requirements specified by Applicable Legal Authorities.

#### **4.4.6 DELINQUENT PAYMENTS**

Payments for Delivery Charges invoiced to Competitive Retailer shall be considered delinquent if not received by 5:00 p.m. CPT of the due date stated on the Valid Invoice. Delinquent payments will be subject to a one-time late fee of 5% of the delinquent balance existing on the day after the due date stated on the Valid Invoice. Competitive Retailer shall be considered in default only after a ten calendar day grace period has passed without the Competitive Retailer fully paying the delinquent balance. Upon delinquency of Competitive Retailer, Company shall provide notice in writing to Competitive Retailer stating that Competitive Retailer is delinquent and shall be in default if payment is not received within ten calendar days. If the amount of the penalty is the sole remaining past-due amount after the ten calendar day grace period, the Competitive Retailer shall not be considered to be in default unless the penalty is not paid within an additional 30 calendar days.

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#### **4.4.7 PARTIAL PAYMENTS**

Unless otherwise governed by Schedule TC of this Tariff or P.U.C. SUBST. R. 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges, partial payments will be applied pro-rata to all separately stated charges.

#### **4.4.8 INVOICE DISPUTES**

Unless otherwise governed by Schedule TC of this Tariff or P.U.C. SUBST. R. 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges, Competitive Retailer shall pay all undisputed portions of an invoice within the remittance timeframes of Section 4.4.5, REMITTANCE OF INVOICED CHARGES, unless otherwise agreed to by Company and Competitive Retailer. If a Competitive Retailer disputes all or a portion of an invoice, the Competitive Retailer may refuse to pay the disputed amount. If it does so, it shall provide written notice of the dispute to the Company's designated contact under Section 3.9, DESIGNATION OF COMPANY CONTACT PERSONS FOR MATTERS RELATING TO DELIVERY SERVICE and shall include in the notice, at a minimum, an explanation of the disputed portion of the invoice, the basis of the dispute, and a proposed resolution.

Company may dispute the reason for which a Competitive Retailer rejects an invoice as prescribed in Section 4.4.1, CALCULATION AND TRANSMITTAL OF DELIVERY SERVICE INVOICES. Company shall provide written notice of the dispute to the Competitive Retailer's designated contact and shall include in the notice, at a minimum, an explanation of the disputed rejection, the basis of the dispute and a proposed resolution.

Upon notice of a dispute, the responding party shall investigate and respond in writing to the disputing party within ten Business Days of transmittal of the notice. Such response shall include a proposed resolution. Within 20 Business Days of the response, either party may initiate the dispute resolution procedures set forth in Section 4.9, DISPUTE RESOLUTION PROCEDURES. If Company does not receive notification of a dispute within 11 months from the due date of the invoice in question, said invoice shall be deemed conclusive and binding.

Upon resolution of the dispute, the appropriate adjustments will be reflected on the first subsequent invoice after resolution. If the Competitive Retailer has remitted amounts found to be improperly invoiced, Company shall pay interest on such amounts from the date payment was received by Company until the date of refund of such amounts at the interest rate set in accordance with Tex. Utilities Code Ann. Chapter 183. If the Competitive Retailer has been found to have withheld amounts properly invoiced, Competitive Retailer shall pay interest on the disputed amount from the due date on the invoice at the interest rate set in accordance with TEX. UTIL. CODE ANN. Chapter 183.

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If the dispute is resolved in favor of the Company, Company shall not hold Competitive Retailer in default for non-payment of the original invoice based on the original due date. The invoice shall be due within one Business Day of resolution of the dispute.

A Competitive Retailer shall not dispute a methodology used to estimate a Meter Read if the estimation methodology has been approved by the Commission.

#### **4.4.9 SUCCESSOR COMPETITIVE RETAILER**

A Competitive Retailer shall not be obligated to pay the delinquent balance of another Competitive Retailer as a condition of providing service to Retail Customers. The prior Competitive Retailer, however, shall in no case be relieved of any previously invoiced charges or late fees incurred in the use of Company's Delivery System.

### **4.5 SECURITY DEPOSITS AND CREDITWORTHINESS**

#### **4.5.1 SECURITY RELATED TO TRANSITION CHARGES**

If Company is subject to a financing order, Competitive Retailer shall provide security for Transition Charges in accordance with Schedule TC of this Tariff in addition to other requirements in P.U.C. SUBST. R. 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges. For purposes of establishing any required deposit for Transition Charges, a Competitive Retailer shall provide any required deposit within ten calendar days of receipt of the first Valid Invoice from the Company. Company shall ensure that its deposit calculations are reproducible and able to be calculated by Competitive Retailer.

#### **4.5.2 SECURITY RELATED TO OTHER DELIVERY CHARGES**

##### **4.5.2.1 DEPOSIT REQUIREMENTS**

Except as provided for in Schedule TC of this Tariff and P.U.C. SUBST. R. 25.108, Financial Standards for Retail Electric Providers Regarding the Billing and Collection of Transition Charges, or as provided in P.U.C. Subst. R. 25.107, Certification of Retail Electric Providers, Company shall not require deposits for a Competitive Retailer that has not defaulted under Section 4.6, DEFAULT AND REMEDIES ON DEFAULT, within the past 24 months. If a Competitive Retailer has defaulted under Section 4.6 within the past 24 months, Company shall require the Competitive Retailer to provide a deposit as security for payments of amounts billed under this Tariff. Competitive Retailers who do not provide and maintain the security required by this section shall be considered in default, as provided in Section 4.6.

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#### **4.5.2.2 SIZE OF DEPOSIT**

Deposits shall be equal to one-sixth of the estimated annual amount to be billed under this Tariff by Company to Competitive Retailer. The computation of the size of a required deposit shall be mutually agreed upon by the Competitive Retailer and Company. The amount of deposit shall be adjusted, if necessary, during the first month of each calendar quarter to ensure that the deposit accurately reflects the required amount.

#### **4.5.2.3 FORM OF DEPOSIT**

Deposits under this section shall be in the form of cash, surety bond, letter of credit, affiliate guaranty, or any combination thereof at the Competitive Retailer's option. Competitive Retailer and Company may mutually agree to other forms of security, provided that Company offers such terms on a non-discriminatory basis to all Competitive Retailers. The Company shall be the beneficiary of any affiliate guaranty, surety bond or letter of credit. Providers of affiliate guaranty, surety bonds or letters of credit must have and maintain long-term unsecured credit ratings of not less than "BBB-" or "Baa3" (or equivalent) from Standard and Poor's or Moody's Investor Service, respectively. Other forms of security may be mutually agreed to by Company and Competitive Retailer. If the credit rating of the provider of the surety bond, affiliate guarantee, or letter of credit is downgraded below BBB- or Baa3 (or equivalent), Competitive Retailer must provide a deposit in accordance with this Tariff within ten Business Days of the downgrade.

#### **4.5.2.4 INTEREST**

Cash deposits shall accrue interest payable to Competitive Retailer. Company shall pay all interest to Competitive Retailer upon refund of the deposit, or during the quarterly review under Section 4.5.2.2, SIZE OF DEPOSIT, if such interest causes the size of the deposit to exceed the required amount. Interest shall be paid at the Commission-approved interest rate for customer deposits.

#### **4.5.2.5 HISTORICAL DEPOSIT INFORMATION**

Company shall maintain records showing the name and address of a depositor, the amount of the deposit, and each transaction concerning the deposit. Records of each unclaimed deposit shall be maintained for at least four years, during which time Company will make reasonable efforts to return the deposit and any accrued interest.

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#### **4.5.2.6 REFUND OF DEPOSIT**

Deposits, plus any accrued interest, shall be returned to Competitive Retailer after deduction of all charges and other debts that the Competitive Retailer owes Company, including any applicable late fees, when:

- (1) Competitive Retailer ceases operations within Company's service territory;
- (2) Other arrangements are made for satisfaction of deposit requirements; or
- (3) 24 months have elapsed without Competitive Retailer defaulting on any payment obligations, unless Section 4.5.2.1 permits Company to require a deposit.

All unclaimed deposits will be held by Company for four years from the date the Competitive Retailer ceases operations in the Company's service territory.

### **4.6 DEFAULT AND REMEDIES ON DEFAULT**

#### **4.6.1 COMPETITIVE RETAILER DEFAULT**

A Competitive Retailer shall be considered to be in default under this Tariff if the Competitive Retailer:

- (1) Fails to remit payment to the Company as set forth in Section 4.4.6, DELINQUENT PAYMENTS;
- (2) Fails to satisfy any material obligation under this Tariff, including failure to fulfill the security requirements set forth in Section 4.5, SECURITY DEPOSITS AND CREDITWORTHINESS; or
- (3) Is no longer certified as a Retail Electric Provider.

#### **4.6.2 REMEDIES ON DEFAULT**

##### **4.6.2.1 DEFAULT RELATED TO FAILURE TO REMIT PAYMENT OR MAINTAIN REQUIRED SECURITY**

Upon Competitive Retailer's default related to failure to remit payment or maintain required security, Company may pursue any or all of the following remedies:

- (1) Apply to delinquent balances Competitive Retailer's cash deposit, if any, and any accrued interest, or seek recourse against any letter of credit or surety bond for the amount of delinquent charges due to Company, including any penalties or interest;
- (2) Avail itself of any legal remedies that may be appropriate to recover unpaid amounts and associated penalties or interest;

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- (3) Implement other mutually suitable and agreeable arrangements with Competitive Retailer, provided that such arrangements are available to all Competitive Retailers on a non-discriminatory basis;
- (4) Notify the Commission that Competitive Retailer is in default and request suspension or revocation of Competitive Retailer's certificate; and
- (5) Require Competitive Retailer to do one of the following:
  - (A) Immediately arrange for all future remittances from Retail Customers of the Competitive Retailer in default to be paid into a dedicated account controlled by Company. Amounts collected in a dedicated account shall first be applied to amounts due Company, including any late fees and penalties with remaining amounts released to Competitive Retailer. Competitive Retailer shall bear all costs of such mechanism; or
  - (B) Require Competitive Retailer to transition customers to another Competitive Retailer or POLR.

A Competitive Retailer that has defaulted shall choose and notify Company as to which option under (5) above it shall implement, but, if the Competitive Retailer fails to immediately implement one of those options, Company shall immediately implement option (B). If Company or Competitive Retailer chooses option (B), Competitive Retailer shall provide all needed customer information to the POLR within three Business Days so that the POLR can bill Retail Customers. Competitive Retailer shall notify its Retail Customers of its choice of option (A) or (B) as soon as possible.

#### **4.6.2.2 DEFAULT RELATED TO FAILURE TO SATISFY OBLIGATIONS UNDER TARIFF**

Upon failure of Competitive Retailer to satisfy material obligations under this Tariff, Company shall provide notice of default to Competitive Retailer that explains the reason(s) for default. Competitive Retailer shall have ten Business Days from the date of receipt of notification to cure such default. Upon the Competitive Retailer's failure to remedy the default by the expiration of the notice period, Company may pursue any or all of the following:

- (1) Implement mutually suitable and agreeable arrangements with Competitive Retailer, provided that such arrangements are available to all Competitive Retailers on a non-discriminatory basis;
- (2) Notify the Commission that Competitive Retailer is in default and request that certification be suspended or revoked;

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- (3) Notify the Commission that the Municipally Owned Utility or Electric Cooperative is in default, and request that its Retail Customers in Company's service territory be immediately served by another qualified Competitive Retailer or the POLR.

#### **4.6.2.3 DEFAULT RELATED TO DE-CERTIFICATION**

Upon loss of Commission certification as a Retail Electric Provider, Competitive Retailer shall abide by P.U.C. SUBST. R. 25.107, Certification of Retail Electric Providers, with respect to notice and transfer of Retail Customers to another qualified Competitive Retailer or the POLR. In the event Competitive Retailer fails to abide by this rule, the Commission may instruct the Registration Agent to immediately transfer the customers to the POLR.

#### **4.6.3 CURE OF DEFAULT**

Upon payment of all past due amounts and associated penalties and late fees, establishment of any security required pursuant to Section 4.5 SECURITY DEPOSITS AND CREDITWORTHINESS, and cure of any failure to fulfill its material obligations under this Tariff, Competitive Retailer will no longer be considered in default and will not be required to comply with Section 4.6, DEFAULT AND REMEDIES ON DEFAULT.

### **4.7 MEASUREMENT AND METERING OF SERVICE**

#### **4.7.1 MEASUREMENT**

All charges for electricity consumed or demanded by a Retail Customer shall be based on Meter measurement except where otherwise provided for by the applicable Rate Schedule or this Tariff. Meters for residential Retail Customers shall be Company owned unless otherwise determined by the Commission. Retail Customers required by the Independent Organization to have an IDR Meter may choose a Meter Owner, other than Company, in accordance with Applicable Legal Authorities; otherwise, the Meter shall be owned by the Company.

Company shall provide metering services and provide monthly Meter Reads used for Company billing, billing by a Competitive Retailer and ERCOT settlement in accordance with Applicable Legal Authorities and all standards and protocols adopted by the Independent Organization.

When mutually agreed to by Company and Competitive Retailer, if Retail Customer takes Delivery Service at primary distribution or transmission voltage, Company may meter Delivery Service on the low side of Retail Customer's transformers and adjust measurements to account for losses as set forth in Chapter 6.

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#### **4.7.2 METER READING**

Company is responsible for reading the Meter on a monthly basis in accordance with the published Meter Reading Schedule. Company must obtain an Actual Meter Reading within two Business Days of the date published in the Meter Reading Schedule, except as otherwise provided herein, and shall submit the Data from the Meter Read to the Registration Agent within three Business Days of the Scheduled Meter Reading date. If an Actual Meter Reading is not obtained, Company shall estimate the Meter Reading for invoicing purposes in accordance with this Chapter, the Rate Schedules in Section 6.1, RATE SCHEDULES, and Applicable Legal Authorities. Unless otherwise provided in this section or in the Rate Schedule, a Meter Reading shall not be estimated more than three times consecutively. Company shall establish validation procedures that prohibit zero usage and extreme value Meter Readings unless good reason exists for the readings. Company shall ensure that invoices and Meter Reading transactions with zero usage or usage with extreme and unlikely values are not issued to Competitive Retailer or Retail Customer unless Company has good reason to believe that the value is correct.

In any month where the Meter Reading fails the validation process, Company shall perform a Meter re-read at no cost to the Competitive Retailer or Retail Customer.

##### **4.7.2.1 DENIAL OF ACCESS BY RETAIL CUSTOMER**

If in any month Retail Customer prohibits access to Company to read the Meter (due to premises being locked, presence of a threatening animal, physical threats to meter reader, or other similar reason), Company shall provide the Retail Customer a door hanger requesting access the following month and informing the Retail Customer of the consequences for continuing to fail to provide access. If there is no door on which to leave a door hanger, Company may leave the door hanger at a point of ingress. If no point of ingress is available, Company may choose not to leave the door hanger and must notify Competitive Retailer of the inability to leave the door hanger. Company shall inform Competitive Retailer that Company was unable to gain access and the reason that Company was unable to gain access, providing enough detail that Competitive Retailer can explain to the Retail Customer and inform Competitive Retailer of the number of consecutive months Company has been denied access by the customer. If the Competitive Retailer is notified that a customer denied access to Company to read the Meter, Competitive Retailer shall contact the Retail Customer to request access for Company the following month and inform the Retail Customer of the consequences for continuing to fail to provide access. Competitive Retailer contact may be either by mail, telephone or door to door contact.

After three consecutive months of denial of access by the Retail Customer to Company to read the Meter the Retail Customer has the following options:

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- a) Disconnection of service;
- b) Installation of a remotely read Meter at the Retail Customer's expense and billed directly by Company to Competitive Retailer; or
- c) Relocation of the Meter to make Meter accessible at the Retail Customer's expense.

If Retail Customer does not choose an option, the Competitive Retailer shall choose the option on behalf of the Retail Customer. If the Competitive Retailer does not choose an option, the Company shall choose the option on behalf of the Competitive Retailer and Retail Customer.

Company may continue to estimate a residential Premises or a non-critical load for an additional 60 days in order to implement one of the options.

Company may continue to estimate a non-residential Critical Load Premises for an additional 60 days in order to implement one of the options. If after 60 days, Company has failed to implement an option that provides access, due to the Retail Customer's failure to grant access to implement the solution, Company may charge a fee each month of continued denial of access until an option authorized by this section can be implemented, in accordance with Chapter 6. Company must provide documentation of its attempts to implement the option to the Competitive Retailer, Retail Customer or the Commission upon request.

The requirements of this section shall be effective no later than July 1, 2007.

#### **4.7.2.2 ESTIMATES FOR REASONS OTHER THAN FOR DENIAL OF ACCESS BY RETAIL CUSTOMER**

The Company shall not estimate a Meter Reading for a Premises more than three consecutive times when customer has not denied access.

Company's failure to make an Actual Meter Reading for reasons other than the Retail Customer's failure to provide access shall not be considered a break in a series of consecutive months of denial of access under Section 4.7.2.1, DENIAL OF ACCESS BY RETAIL CUSTOMER, but shall not be considered a month in which the Retail Customer has denied access.

An estimate performed by Company for the purpose of a mass transition of Retail Customers when Actual Meter Reads are infeasible or Applicable Legal Authorities dictate an estimation shall not be considered a break in a series of consecutive months of estimates, but shall not be considered a month in a series of consecutive estimates performed by Company.

The requirements of this section shall be effective no later than July 1, 2007.

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#### **4.7.3 REPORTING MEASUREMENT DATA**

Company shall report measurement data for a Point of Delivery as required by this Chapter and Applicable Legal Authorities.

#### **4.7.4 METER TESTING**

Company will test the Meters in accordance with the schedule and standards of the American National Standards Institute, Incorporated (“ANSI”), as adopted by the Commission, and P.U.C. SUBST. R. 25.124, Meter Testing. Upon a request by any authorized person in accordance with Applicable Legal Authorities, Company will perform additional tests of the accuracy of the Meter no later than ten Business Days after the request is received, provided the Meter is a self-contained single phase, kWh Meter and subject to obtaining Access as provided in Section 5.4.8, ACCESS TO RETAIL CUSTOMER’S PREMISES and completing any necessary coordination with the Retail Customer or a third party. In the event the Meter is other than a self-contained, single phase kWh Meter, Company will perform the additional tests no later than 30 calendar days after the request is received. The additional tests will be performed preferably on the Retail Customer’s Premises, but may, at Company’s discretion, be performed at a Meter test laboratory. The additional tests will be free of charge if the Meter is determined to be outside the accuracy standards established by ANSI or if a test has not been requested and performed in the previous four years, Company will provide a copy of the complete results of that test to the requesting party as soon as possible but within the timeframes allowed for testing of the Meter. Competitive Retailer or Retail Customer may request a new test if one has been performed within the previous four years, but if the Meter tests within ANSI accuracy standards, Company will charge Competitive Retailer for the additional tests in accordance with the Rate Schedules in Section 6.1, RATE SCHEDULES. Following the completion of any additional test, Company will promptly advise the party requesting the test of the date of removal of the Meter, the date of the test, the result of the test, who conducted the test, and where the test was performed. Company will provide more detailed information to customer upon request at no additional charge to the customer.

A Competitive Retailer may request testing of a Non-Company Owned Meter. Company shall invoice any charges resulting from the request, to the Competitive Retailer. If a Non-Company Owned Meter is determined to be outside the accuracy standards established by ANSI, the Company shall remove the Meter and install a replacement Meter. Company must immediately notify Competitive Retailer upon removal of the Meter.

#### **4.7.5 INVOICE ADJUSTMENT DUE TO METER INACCURACY, METER TAMPERING OR THEFT**

If any Meter is determined to be non-compliant with the accuracy standards prescribed by Commission rules, Company shall render an adjusted bill pursuant to Commission rules.

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#### **4.8 DATA EXCHANGE**

Company shall make proprietary Retail Customer information available to Competitive Retailer as prescribed by Applicable Legal Authorities. Company shall not assess separate charges for the provision of the most recent 12 months of Meter Data or load data to Competitive Retailer; however charges may apply for the provision of data beyond the most recent 12 months.

##### **4.8.1 DATA FROM METER READING**

Company shall make available to the Registration Agent within three Business Days of the scheduled Meter Reading date, all of the data recorded in the Meter that is used for Company billing and is required by the Retail Customer's settlement profile (such as kWh, kW, kVA) and, if applicable, Power Factor and any Meter Data required by Applicable Legal Authorities for Competitive Retailer to bill the Retail Customer. Competitive Retailer has the right to physical access of the Meter to the same extent Retail Customer has access, in accordance with the provisions of Section 5.10.2, RETAIL CUSTOMER RESPONSIBILITY AND RIGHTS, to obtain Meter Data if:

- (1) The Retail Customer authorizes the Competitive Retailer to access the Meter;
- (2) Data integrity is not compromised; and
- (3) Access is technically feasible.

Metering data, except as specified in Section 4.8.1.3, OUT-OF-CYCLE METER READS, will be sent to the Competitive Retailer in complete billing periods.

All Meter Data values for IDR Meters will contain an associated date/time field as a time stamp. All other Meters will have a date field. All time stamps (both for data points and sets of data) will be reported in CPT. Metering Data values for advanced Meters will contain a date/time field, consistent with protocols implemented through Applicable Legal Authorities.

Unless procedures are established for historical usage information to be provided by the Independent Organization, Company shall provide, in accordance with P.U.C. SUBST. R 25.472, Privacy of Customer Information, and within three Business Days if requested by Competitive Retailer in a switch request, the most recent 12 months of historical usage and/or interval data for a Retail Customer to Competitive Retailer through the appropriate TX SET protocol.

Unless procedures are established for access to historical usage information to be provided by the Independent Organization, Company shall provide access to Retail Customer's historical usage and/or interval data, to Retail Customer and with the Retail Customer's permission, current and/or prospective Competitive Retailers within three Business Days of the receipt of the request. Company shall maintain at least 12 months of usage and/or Demand data for each Premises with a volumetric or Demand Meter and

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shall also maintain interval data for any Premises for whom Company records interval data. If access is not provided by the Independent Organization, Company shall provide access to this data to IDR customers and advanced meter customers through a web-portal or other means such that the historical data is accessible at any time. If access is not provided by the Independent Organization, Company shall provide access to this data no later than July 1, 2007 to all other non-residential customers through a web-portal or other means such that the historical data is accessible at any time. Company shall ensure confidentiality of customer load data through the assignment of unique customer passwords or personal identification numbers (PINs) released only to the Retail Customer.

**4.8.1.1 DATA RELATED TO INTERVAL METERS**

Data from interval Meters will be sent as kWh during each interval. The kWh and kW or kVA Demand, as applicable, will be reported for each interval. Each recording interval shall be labeled according to Applicable Legal Authorities.

**4.8.1.2 DATA REPORTED BY VOLUMETRIC (kWh) METERS**

Data reported by volumetric (kWh) Meters will include: the start-of-period date, usage for period, Demand readings (if available), end-of-period date, and end-of-period reading. Exceptions, which include initial Meter Reads and Meter changes for start-of-period reading, shall be appropriately labeled and provided in accordance with Applicable Legal Authorities.

Upon termination of a Retail Customer's Delivery Service at a particular Point of Delivery through a successfully executed move-out transaction, Company will provide Meter Data to the Registration Agent within three Business Days of the date that the move-out was executed.

**4.8.1.3 OUT-OF-CYCLE METER READS**

If a Competitive Retailer requests an out-of-cycle Switch, Company shall perform the associated out-of-cycle Meter Read in accordance with the timelines provided in Chapter 6. Out-of-cycle Meter Reads associated with a Retail Customer's change in designated Competitive Retailer shall be provided to both the new and previous Competitive Retailers on the next Business Day following the out-of-cycle Meter Read date. For the new Competitive Retailer, the billing period begins with the out-of-cycle Meter Read, and for the previous Competitive Retailer, the billing period ends with the out-of-cycle Meter Read.

Out-of-cycle Meter Reads not associated with a Retail Customer's change in Competitive Retailer (Meter Re-reads) shall be performed and the new reading shall be transmitted to Competitive Retailer within five Business Days of the receipt of the request. If, based upon the re-read, it is determined that the original monthly Meter Read was in error, the Meter Read and Billing

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Determinants for that billing period shall be corrected in accordance with Section 4.4.3, INVOICE CORRECTIONS, and no Discretionary Service charge will be applied by Company. If the re-read determines that the Original Meter Read was correct, a charge may be assessed for the re-read in accordance with Chapter 6.

#### **4.8.1.4 ESTIMATED USAGE**

Company is responsible for reading Meter on a monthly basis in accordance with the published Meter Reading Schedule. If an Actual Meter Reading is not obtained, Company shall estimate the Meter Reading for invoicing purposes in accordance with this Tariff and Company shall provide the reason for the estimation. In no event shall such estimate equal zero for a known active Meter, nor equal or exceed double the previous non-estimated month's usage unless Company has good reason to believe that this value is a reasonable estimate and can provide its reason upon request to Competitive Retailer.

Any electronic transaction transmitting an estimated Meter Reading to Competitive Retailer shall clearly denote that the Meter Reading is an estimate and include an explanation of the reason for the estimation. When an Actual Meter Reading is taken after two or more consecutive months of estimation, Company shall allocate any over or under-estimated usage over the entire estimation period. The allocation shall be based on the average daily consumption for the Retail Customer for the period between Actual Meter Reads. Estimated usage must be identified as "Estimated" in the SET transactions. If requested, Company shall provide the estimation method used. If an estimation methodology is developed by the Commission or other Applicable Legal Authority, Company shall use that methodology.

A Meter Reading for an IDR Meter shall not be considered an Estimated Meter Reading if an Actual Reading was obtained and Company had to estimate a limited number of intervals of data to fill in gaps in the data collected.

The requirement of this section that Company provide the reason for the estimation to Competitive Retailer on an electronic transaction shall be effective no later than July 1, 2007.

#### **4.8.1.5 METER/BILLING DETERMINANT CHANGES**

Upon a Meter change, the data for each Meter shall be reported as a separate set of data within a single SET corresponding to the Retail Customer's billing period.

If a Meter is replaced, an estimation of Meter Data may be made. The period of estimated Meter Data will be reported with the old Meter number.

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If changes occur in Rate Schedule Billing Determinants, the new Billing Determinants will not become part of billing until the new Billing Determinants are available for a full Meter Read cycle.

#### **4.8.2 DATA FOR UNMETERED LOADS**

For unmetered service, the following standards apply:

- (1) One usage value will be posted for an account, which may encompass multiple Points of Delivery;
- (2) If a change in an account's inventory of Points of Delivery is discovered for a past billing period, the entire amount of usage for the account should be reported as an adjustment; and
- (3) If an account goes from unmetered to metered service, metered usage starts with the first full billing cycle after the Meter is installed.

#### **4.8.3 ADJUSTMENTS TO PREVIOUSLY TRANSMITTED DATA**

Re-sending or adjusting of previously transmitted data arises from data maintenance activities (e.g., response to inquiries, needs to restore data files, and responses to problems with posted data) and Meter maintenance activities (e.g., adjustments as improved information becomes available due to discovery of incorrect reads, crossed Meters, non-registering Meters, slow or fast Meters, incorrect multipliers, etc.). New requirements regarding the labeling of replacement data established by paragraphs (1) and (2) shall be implemented not later than July 1, 2007.

The following standards apply to such previously transmitted data:

- (1) When corrections are made to previously sent data, the original SET shall be first cancelled. A replacement SET of data (labeled as replacement data) is then transmitted within one Business Day of the cancelled data;
- (2) When corrections are made to previously sent data, the complete set of data pertaining to a Meter and billing cycle will be provided in the replacement transaction. When sending or correcting data, each billing cycle for the affected Meter will be in a distinct data set in the SET. Only the data for the affected billing cycle and Meter will be transmitted;
- (3) In the case of "crossed Meters," in which Meter numbers have been incorrectly reported for sets of usage data, the original SET will be cancelled and a new SET transmitted that correctly reports the data, ESI ID, and other associated data;
- (4) Company will make corrected data available to the original recipients in a timely manner no matter when the correction is made;
- (5) Company shall provide a reason for any correction to Competitive Retailer when the adjustment is made; and

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- (6) All transactions containing corrections must be sent in accordance with TX SET standards as set forth in TX SET Implementation Guidelines and Commission rules.

#### **4.8.4 DATA EXCHANGE PROTOCOLS**

The following standards and protocols are a baseline, or minimum set, necessary to facilitate data exchange between parties. Parties shall also comply with data exchange protocols established by the Commission or Independent Organization.

- (1) A uniform premise identifier number, ESI ID, will be utilized by the Company;
- (2) The ESI ID number will be used in all data exchanges specific to related premise data transactions;
- (3) ESI ID is a unique, permanent, and non-intelligent number, used to facilitate communications in an unbundled electric market. The format shall be as determined by the protocols adopted by the Independent Organization; and
- (4) An ESI ID will be assigned by the Company for each Point of Delivery in accordance with protocols adopted by the Independent Organization.

### **4.9 DISPUTE RESOLUTION PROCEDURES**

#### **4.9.1 COMPLAINT PROCEDURES**

For complaints about Delivery Service including billing disputes, Competitive Retailer may contact the Company during normal business hours.

Company and Competitive Retailer shall use good-faith and commercially reasonable efforts to informally resolve all disputes arising out of the implementation or interpretation of this Tariff and/or the activities relating to retail access. Unless otherwise provided for in this Tariff, all disputes shall be conducted pursuant to the following procedures:

- (1) Company or Competitive Retailer may initiate the dispute process by presenting to the other party a notice of the dispute/complaint in writing, unless the dispute involves an invoice and notice has already been given under Section 4.4.8, INVOICE DISPUTES. Notice shall include, at a minimum, a clear description of the dispute, the nature of the dispute, a contact name and telephone number, and a proposed resolution;
- (2) Disputes shall be referred as promptly as practicable to a designated senior representative of each of the parties for resolution on an informal basis;
- (3) The receiving party shall investigate the complaint and provide a response to the complaining party and a proposed resolution in writing as soon as possible, but not later than ten Business Days following receipt of the complaint;

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- (4) In the event that the designated representatives are unable to resolve the dispute within 30 calendar days, from the date of the complaining party's initial notice under this Section, such dispute, by mutual agreement, may be referred to mediation or be submitted to binding arbitration and resolved in accordance with the current Commercial Arbitration Rules of the American Arbitration Association; and
- (5) In the event that binding arbitration is not chosen and resolution is not obtained within 30 calendar days after the initial notice or another mutually agreed upon timeline, an affected party may file a complaint with the Commission.

#### **4.9.2 COMPLAINT WITH REGULATORY AUTHORITY**

Nothing in this section shall restrict the rights of Company or Competitive Retailer to file a complaint with the Commission, or to exercise all other legal rights and remedies.

#### **4.10 SERVICE INQUIRIES**

Competitive Retailer may contact Company regarding the Delivery Service in situations that include, but are not limited to, the following:

- (1) Inquiries regarding site specific Delivery Services;
- (2) Construction of new lines, installation of a Meter, modification of existing equipment or change in Point of Delivery;
- (3) Special circumstances such as Delivery Service requirements that are of non-standard size or characteristics; or
- (4) Initiation of Delivery System Service to Retail Customer.

A Competitive Retailer seeking information about the above items may contact Company as appropriate during normal business hours.

#### **4.11 OUTAGE AND SERVICE REQUEST REPORTING**

##### **4.11.1 NOTIFICATION OF INTERRUPTIONS, IRREGULARITIES, AND SERVICE REQUESTS**

Competitive Retailer shall be responsible for informing its Retail Customers how to report interruptions, irregularities, outages, and how to report service requests. Competitive Retailer shall meet this obligation in one of three ways:

- (1) Competitive Retailer may direct Retail Customers to call the Competitive Retailer for such reporting or requests and electronically forward outage information to the Company. Such arrangements shall

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ensure that all necessary information is communicated in a manner such that Company can respond to requests in a timely fashion and that Competitive Retailers are kept informed of the status of restoration efforts and service requests;

- (2) Competitive Retailer may direct Retail Customer to call Competitive Retailer for such reporting or requests and then forward the call to Company; or
- (3) Competitive Retailer may direct Retail Customers to directly call Company to make such reports or requests.

Competitive Retailer choosing option (1) must ensure that all necessary information is electronically communicated to Company in a timely manner using the appropriate TX SET protocol or other communication alternative agreed to by Company and Competitive Retailer, so as not to unnecessarily delay Company's response. Upon notification by a Competitive Retailer that the Competitive Retailer plans to forward outage information or service order requests to Company electronically, Company shall be capable of receiving data electronically from Competitive Retailer within 18 months, unless mutually agreed otherwise by Company and Competitive Retailer or Company obtains a waiver from the Commission. The data necessary includes the following information:

- (1) Customer name, and if different, contact name;
- (2) Contact phone number;
- (3) ESI ID;
- (4) Service address (including City and zip code) and directions to location when necessary; and
- (5) Description of problem or requested service.

A Competitive Retailer choosing option (2) shall ensure that calls are properly forwarded to a Company supplied toll free telephone number. A Competitive Retailer choosing option (3) shall provide Retail Customers, in accordance with the Commission's customer protection rules, with the Company supplied toll free telephone number and indicate that Retail Customer should call this number for interruptions, irregularities, outages and/or service requests.

A Competitive Retailer choosing option (2) or (3) shall make arrangements with the Company to pre-authorize any service requests for which the Company will invoice the Competitive Retailer before such requests are performed. A Competitive Retailer who does not make other arrangements shall be deemed to have pre-authorized all service requests from Retail Customers. Company shall not act in a discriminatory manner in making such arrangements with Competitive Retailers.

Competitive Retailer shall designate in the Delivery Service Agreement Form (Appendix A to this Tariff) which one of the three options it will select as its primary method for reporting interruptions, irregularities, outages, and which one of the three options it will select as its primary method for making service repair

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requests. Nothing in this section is meant to restrict a Competitive Retailer who has chosen to utilize option (1) or (2) for the majority of their Retail Customers to allow a Retail Customer with special needs to directly contact the Company if agreed to by the Competitive Retailer and Retail Customer, provided that Competitive Retailer abides by the conditions prescribed by this section for choosing option (3) for that Retail Customer.

Company shall notify Competitive Retailers choosing option (2) or (3) of any change in the Company supplied telephone number 60 days in advance of such change.

#### **4.11.2 RESPONSE TO REPORTS OF INTERRUPTIONS AND REPAIR REQUESTS**

Company will promptly investigate reported problems. If, upon making a Service Call, Company determines that a reported problem is caused by a condition on Retail Customer's side of the Point of Delivery, Company shall notify Competitive Retailer, and, if authorized by the Commission, charge Competitive Retailer a fee for the Service Call pursuant to the applicable Rate Schedule.

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**CHAPTER 5: SERVICE RULES AND REGULATIONS RELATING TO THE PROVISION OF DELIVERY SERVICE TO RETAIL CUSTOMERS**

**5.1 GENERAL**

**5.1.1 APPLICABILITY OF CHAPTER**

This Chapter governs the terms of access and conditions of the provision of Delivery Service by Company to Retail Customers, whether the Retail Customer has entered into a Service Agreement or not. This Tariff also applies to Retail Customers receiving Delivery Service unlawfully or pursuant to unauthorized use.

**5.1.2 COMPANY CONTACT INFORMATION**

Notices and other communications by Retail Customer to Company shall be addressed to:

Customer Service

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P.O. Box 1700

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Houston, Texas 77251

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713-207-2222

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1-800-332-7143

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**5.2 LIMITS ON LIABILITY**

**5.2.1 LIABILITY BETWEEN COMPANY AND RETAIL CUSTOMERS**

This Tariff is not intended to limit the liability of Company or Retail Customer for damages except as expressly provided in this Tariff.

*Company will make reasonable provisions to supply steady and continuous Delivery Service, but does not guarantee the Delivery Service against fluctuations or interruptions. Company will not be liable for any damages, whether direct or consequential, including, without limitation, loss of profits, loss of revenue, or loss of production capacity, occasioned by fluctuations or interruptions unless it be shown that Company has not made reasonable provision to supply steady and continuous Delivery Service, consistent with the Retail Customer's class of service, and in the event of a failure to make such reasonable provisions, whether as a result of negligence or otherwise, Company's liability shall be limited to the cost of necessary repairs of physical damage proximately caused by the service failure to those electrical delivery facilities of Retail Customer which were then equipped with the protective safeguards recommended or required by the then current edition of the National Electrical Code.*

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However, if damages result from fluctuations or interruptions in Delivery Service that are caused by Company's or Retail Customer's gross negligence or intentional misconduct, this Tariff shall not preclude recovery of appropriate damages when legally due.

#### **5.2.2 LIMITATION OF DUTY AND LIABILITY OF COMPETITIVE RETAILER**

*Competitive Retailer has no ownership, right of control, or duty to Company, Retail Customer or other third party, regarding the design, construction or operation of Company's Delivery System. Competitive Retailer shall not be liable to any person or entity for any damages, direct, indirect or consequential, including, but without limitation, loss of business, loss of profits or revenue, or loss of production capacity, occasioned by any fluctuations or interruptions of Delivery Service caused, in whole or in part, by the design, construction or operation of Company's Delivery System.*

#### **5.2.3 DUTY TO AVOID OR MITIGATE DAMAGES**

Company and Retail Customer shall use reasonable efforts to avoid or mitigate its damages or losses suffered as a result of the other's culpable behavior under Section 5.2.1, LIABILITY BETWEEN COMPANY AND RETAIL CUSTOMERS.

#### **5.2.4 FORCE MAJEURE**

*Neither Company nor Competitive Retailer shall be liable for damages for any act or event that is beyond such party's control and which could not be reasonably anticipated and prevented through the use of reasonable measures, including, but not limited to, an act of God, act of the public enemy, war, insurrection, riot, fire, explosion, labor disturbance or strike, wildlife, unavoidable accident, equipment or material shortage, breakdown or accident to machinery or equipment, or good-faith compliance with a then valid curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, including any order or directive of the Independent Organization.*

#### **5.2.5 EMERGENCIES AND NECESSARY INTERRUPTIONS**

Company may curtail, reduce voltage, or interrupt Delivery Service in the event of an emergency arising anywhere on the Delivery System or the interconnected systems of which it is a part, when the emergency poses a threat to the integrity of its system or the systems to which it is directly or indirectly connected if, in its sole judgment, such action may prevent or alleviate the emergency condition. Company may interrupt service when necessary, in Company's sole judgment, for inspection, test, repair, or changes in Company's Delivery System, or when such interruption will lessen or remove possible danger to life or property, or will aid in the restoration of Delivery Service.

Company shall provide advance notice to Retail Customer's Competitive Retailer, if reasonably possible. Such notice may be made by electronic notice to all certificated Competitive Retailers operating within

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Company's service territory, specifically identifying the location, time and expected duration of outage. Notice shall also be provided, if reasonably possible, to those Retail Customers designated as critical care residential customers, chronic condition residential customers, critical load industrial customers, or critical load public safety customers. If Retail Customer believes it qualifies for designation as a critical care residential customer, chronic condition residential customer, critical load industrial customer, or critical load public safety customers under P.U.C. SUBST. R. 25.497, Retail Customer may apply for designation as provided in P.U.C. SUBST. R. 25.497.

Nothing herein shall prevent the Company from being liable if found to be grossly negligent or to have committed intentional misconduct with respect to its exercise of its authority in this Tariff.

The operation of BPL shall not interfere with or diminish the reliability of Company's Delivery System. Should a disruption in the provision of Delivery Service occur due to BPL, Company shall prioritize restoration of Delivery Service prior to restoration of BPL-related systems.

#### **5.2.6 LIMITATION OF WARRANTIES BY COMPANY**

*Company makes no warranties with regard to the provision of Delivery Service and disclaims any and all warranties, express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose.*

### **5.3 SERVICE**

Company shall provide Delivery Service pursuant to the terms and conditions of this Tariff to any Retail Customer within Company's certificated service territory requiring such service. Except as required for Construction Services or other unique Delivery Service needs, Retail Customer should contact Retail Customer's designated Competitive Retailer for all matters relating to the provision of Delivery Service.

#### **5.3.1 INITIATION OF DELIVERY SYSTEM SERVICE (SERVICE CONNECTION)**

For the purposes of this section, "initiation of Delivery System Service" refers to the actions taken by Company to energize Retail Customer's connection to the Delivery System.

##### **5.3.1.1 INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED**

Where existing Company facilities will be used for Delivery System Service and no Construction Service is needed, Company shall initiate Delivery System Service for Retail Customer if requested by Competitive Retailer through the Registration Agent unless:

- (1) The Retail Customer's electrical installation is known to be hazardous under applicable Codes, or is of such character that satisfactory Delivery System Service cannot be

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provided consistent with Good Utility Practice, or interferes with the service of other Retail Customers; or unless a known dangerous condition exists as long as it exists; or

- (2) The Competitive Retailer is not eligible for Delivery Service under Section 4.3.1, ELIGIBILITY or the Competitive Retailer or Retail Customer is in default under this Tariff. Retail Customer is considered to be in default if Retail Customer fails to satisfy any material obligation under this Tariff after being given notice of the failure and at least ten days to cure.

The Retail Customer is responsible for selecting an eligible Competitive Retailer. Company shall direct Retail Customer to the Commission for a list of eligible Competitive Retailers or to other sources of information subject to Commission's Code of Conduct rules, if requested.

Requests for new Delivery System Service which include the corresponding TX SET code for standard service, and are received by Company at least two Business Days prior to the Competitive Retailer's requested date shall be completed no later than the requested date. Requests received after 5:00 PM CPT or on a day that is not a Business Day, shall be considered received on the next Business Day. If the request is received less than two Business Days prior to the requested date, the Move-In will be scheduled for the Business Day that is two Business Days after the date the request is received. If the requested date is not a Business Day, the Move-In will be scheduled for the first Business Day following the requested date. This service is not available if inspections and permits, or other construction is required.

#### **5.3.1.2. INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE REQUIRED**

Where Construction Services are required prior to the initiation of Delivery System Service, Retail Customer may contact Company directly to make arrangements for such service. All such requests shall be governed by the provisions in Section 5.7, FACILITIES EXTENSION POLICY. After completion of Construction Service, Company shall initiate Delivery System Service in accordance with Section 5.3.1.1, INITIATION OF DELIVERY SYSTEM SERVICE WHERE CONSTRUCTION SERVICES ARE NOT REQUIRED.

#### **5.3.2 REQUESTS FOR CONSTRUCTION SERVICES**

All Construction Service requests must include the following information:

- (1) Retail Customer contact name;
- (2) Retail Customer contact phone number;
- (3) ESI ID, if in existence and available;

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- (4) Service address (including City and zip code), directions to location, and access instructions when appropriate;
- (5) Construction Services requested; and
- (6) Date requested for Company to perform or provide Construction Service.

Company will contact the person designated in the request within two Business Days to make necessary arrangements for Construction Services pursuant to Section 5.7, FACILITIES EXTENSION POLICY and Section 5.10, METER. If a new ESI ID is required, Company shall establish the new ESI ID for the Point of Delivery and transmit the appropriate TX SET transaction to the Registration Agent prior to the commencement of Construction Services.

### **5.3.3 CHANGING OF DESIGNATED COMPETITIVE RETAILER**

Company shall change a Retail Customer's designated Competitive Retailer upon receipt of proper notification from the Registration Agent, in accordance with the Applicable Legal Authorities, unless the new Competitive Retailer is in default under the Tariff or is not eligible for Delivery Service under Section 4.3.1, ELIGIBILITY, of this Tariff. Company shall release proprietary customer information to a Competitive Retailer in a manner prescribed by Applicable Legal Authorities.

### **5.3.4 SWITCHING FEES AND SWITCHOVERS**

Company shall not charge Retail Customer for a change in designation of Retail Customer's Competitive Retailer. Company shall charge Retail Customer for a switchover to another distribution utility in accordance with Section 6.1, RATE SCHEDULES, of this Tariff.

### **5.3.5 IDENTIFICATION OF THE PREMISES AND SELECTION OF RATE SCHEDULES**

The establishment, assignment and maintenance of ESI IDs shall be as determined by Applicable Legal Authorities. In addition, Company shall:

1. Assign a unique ESI ID for each Point of Delivery, or in the case of non-Metered load, a unique ESI ID to each Premises, in accordance with Applicable Legal Authorities;
2. Establish separate and distinct ESI IDs for temporary and permanent service. The temporary ESI ID shall be retired after all market transactions associated with the temporary ESI ID have been completed. If the temporary meter has been used for the same Premises for which the permanent meter will be used, the same ESI ID may be used for temporary and permanent service;
3. Identify, assign, and maintain ESI IDs with the appropriate load profile, Meter Reading cycle, and other information necessary for accurate settlement of the wholesale market, unless such functions are undertaken by the Independent Organization;
4. Notify the Competitive Retailer and Independent Organization, using the appropriate TX SET transaction, of revisions in the assignment of a Rate Schedule; and

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5. Maintain accurate United States Postal Service compliant services addresses, when available, to comply with Applicable Legal Authorities. Not later than July 1, 2007, when there are two or more ESI IDs for the same service address, the service address shall include information to distinguish between the Points of Delivery at the service address.

The Rate Schedules included in this Tariff state the conditions under which Company's Delivery Services are available and the applicable rates for each Delivery Service. For service to a new Retail Customer at an existing Premises, Company shall reset all Demand ratchets and Retail Customer's Billing Demand and charges for Delivery Service shall not be determined based upon Premises history not associated with the new Retail Customer or on Retail Customer's previous history at a prior location unless Company's current base rates were set based on the assumption that the Demand ratchet would not be reset, in which case, Company shall begin resetting Demand ratchets no later than the conclusion of its next general rate case. Retail Customer may, if directed by Competitive Retailer, contact the Company to discuss the appropriate Rate Schedule for the Retail Customer. If requested, Company will assist Retail Customer in selecting the Rate Schedule that is best suited to existing or anticipated Delivery Service requirements. However, Company does not assume responsibility for the selection of the Rate Schedule or for any failure to select the most appropriate Rate Schedule for Retail Customer's Delivery Service requirements. Company shall direct Retail Customer to its Competitive Retailer to initiate any changes in Rate Schedule selection.

Retail Customer shall notify its Competitive Retailer, who will in turn notify Company, of any factors affecting Retail Customer's Electrical Installation or use of Premises that may affect the applicability of a Rate Schedule. Company may change a Retail Customer's Rate Schedule if Company is made aware that the Retail Customer is no longer eligible to receive service under its current Rate Schedule.

#### **5.3.6 CHANGES IN RATE SCHEDULES**

Unless a change in Rate Schedule is requested as a result of a change in Company's facilities or the Meter used to serve Retail Customer, or unless the change in Rate Schedule requires a different billing methodology, any change in a Rate Schedule selection shall be applicable for the entire billing cycle in which the change in Rate Schedule was requested if the request is made at least two Business Days before the Meter Read date for that Retail Customer. If a change in Company's facilities or Meter used to serve Retail Customer occurs, or if the change in Rate Schedule requires a different billing methodology or different Billing Determinants, then the change shall be effective in the next full billing cycle.

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### **5.3.7 SUSPENSION OF SERVICE**

#### **5.3.7.1 SUSPENSIONS WITHOUT PRIOR NOTICE**

Company may, without prior notice, intentionally suspend Delivery Service to Retail Customer where a known dangerous condition exists and for as long as it exists, provided that such suspension does not result in another dangerous or life-threatening condition. Where reasonable, given the nature of the hazardous condition, Company shall post a notice of disconnection and the reason for the disconnection at the place of common entry or upon the front door of each Retail Customer as soon as possible after service has been disconnected.

Company may also suspend service when such suspension is authorized by Applicable Legal Authorities.

Where Company expects that large numbers of Retail Customers will be affected by a suspension for a significant amount of time, Company will notify Retail Customers about the suspension through the use of door hangers, letters, personal canvassing, news media, or other appropriate methods.

If Retail Customer believes it qualifies for designation as a critical care residential customer, chronic condition residential customer, critical load industrial customer, or critical load public safety customer under P.U.C. SUBST. R. 25.497, Retail Customer may apply for designation as provided in P.U.C. SUBST. R. 25.497. Notice of a suspension of service shall be provided to Retail Customers currently designated as critical care, or chronic condition, or critical load if reasonably possible.

Nothing in this section is intended to take precedence over the timely restoration of service.

#### **5.3.7.2 NOTICED SUSPENSION NOT RELATED TO EMERGENCIES OR NECESSARY INTERRUPTIONS**

Company may suspend Delivery Service to Retail Customer upon notice to Retail Customer's Competitive Retailer:

- (1) In the event of unauthorized use, connection or reconnection, or diversion of service, or Tampering with the Meter or equipment, or bypassing same;
- (2) In the event of Retail Customer's violation of the provisions of Company's Tariff pertaining to the use of Delivery Service in a manner which interferes with the Delivery Service of others, or the operation of nonstandard equipment, or as otherwise specified by written agreement, and a reasonable opportunity has been provided to remedy the situation;

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- (3) Upon Retail Customer's failure to comply with the terms of any written agreement made between Company and Retail Customer, or upon default of Retail Customer under such an agreement, or upon failure to pay any charges billed by Company directly to Retail Customer pursuant to Section 5.8.2, BILLING TO RETAIL CUSTOMER BY COMPANY, after a reasonable opportunity has been provided to remedy the failure;
- (4) For Retail Customer's failure to provide Company with reasonable access to Company's facilities and the Meter located on Retail Customer's Premises after a reasonable opportunity has been provided to remedy the situation; or
- (5) Upon Company's receipt of a notice requiring such action, in the form and from the party specified by the Applicable Legal Authorities. Company will not be responsible for monitoring or reviewing the appropriateness of any such notice, except as provided in Section 5.3.7.4, PROHIBITED SUSPENSION OR DISCONNECTION.

#### **5.3.7.3 RESTORATION OF SERVICE**

Company will conduct restoration efforts as soon as possible following the alleviation or correction of the conditions that cause a suspension or disconnection and provide notice to Retail Customer's Competitive Retailer as soon as practicably possible.

#### **5.3.7.4 PROHIBITED SUSPENSION OR DISCONNECTION**

- (1) Except in the case of suspensions of service related to dangerous conditions, clearance requests, or move-out requests, Company shall not disconnect or suspend Delivery Service to Retail Customer in the following situations:
  - (A) On a day, or on a day immediately preceding a day, when personnel of Company are not available to the public for the purpose of reconnecting Delivery Service;
  - (B) For delinquency of payment to Company by Retail Customer's Competitive Retailer;
  - (C) During "extreme weather conditions" as defined in the Commission's customer protection rules;
  - (D) At a permanent, individually metered dwelling unit of a Retail Customer for non-payment of amounts billed directly to Retail Customer by Company pursuant to the Company's Tariff, when that Retail Customer establishes that disconnection of Delivery Service will cause some person residing at that residence to become seriously ill or more seriously ill.

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- (i) Each time a Retail Customer seeks to avoid disconnection of Delivery Service under subsection (D), the Retail Customer must accomplish all of the following by the stated date of disconnection:
  - (I) have the subject person's attending physician (for purposes of this subsection the term "physician" shall mean any public health official, including, medical doctors, doctors of osteopathy, nurse practitioners, registered nurses, and any other similar public health official) call or contact the Company by the date of the disconnection;
  - (II) have the subject person's attending physician submit a written statement to Company; and
  - (III) enter into a deferred payment plan.
- (ii) The prohibition against Delivery Service disconnection provided by subsection (D) shall last 63 days from the issuance of the bill by Company or a shorter period as agreed upon by Company and Retail Customer or subject person's physician; or
- (E) When the disconnection is authorized by the REP as a disconnection for nonpayment of electric service and Retail Customer is designated as a critical care residential customer, unless all of the procedures required by Company pursuant to P.U.C. SUBST. R. 25.497 and P.U.C. SUBST. R. 25.483 have been completed; or when the disconnection is authorized by the REP as a disconnection for nonpayment of electric service and Retail Customer is designated as a critical load industrial customer or a critical load public safety customer, unless all Company-established processes are followed. If Retail Customer believes it qualifies for designation as a critical care residential customer, critical load industrial customer, or critical load public safety customer under P.U.C. SUBST. R. 25.497, Retail Customer may apply for designation as provided in P.U.C. SUBST. R. 25.497.

### **5.3.8 DISCONNECTION AND RECONNECTION OF SERVICE TO RETAIL CUSTOMER'S FACILITIES**

At the request of Retail Customer, or Retail Customer's designated Competitive Retailer, for Retail Customer related construction, alteration, emergency, or other temporary clearance, Company shall disconnect Retail Customer's facilities in accordance with Chapter 6.

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Competitive Retailer may request disconnection for non-payment by Retail Customer or reconnection thereafter as authorized by the Commission's customer protection rules. Company shall disconnect and reconnect Retail Customer's Premises upon request by a Competitive Retailer authorized to do so.

#### **5.4 ELECTRICAL INSTALLATION AND RESPONSIBILITIES**

##### **5.4.1 RETAIL CUSTOMER'S ELECTRICAL INSTALLATION AND ACCESS**

Retail Customer is responsible for the design, installation, operation, protection, and maintenance of electric facilities beyond the Point of Delivery, and Company shall have no responsibility therefore, except for if Meter is maintained by Company. Retail Customer's Electrical Installation for receiving Electric Power and Energy must be installed in accordance with Company's specifications for electric installation, which are available upon request at Company's business offices located in the specific area where Delivery Service is desired. Retail Customer will install and maintain all of its lines and equipment in accordance with Good Utility Practice, all applicable lawful regulations and Codes, and in such condition and manner as not to endanger persons or property, or to cause impairment of Company's Delivery Service to Retail Customer or others. Retail Customer assumes responsibility for Electric Power and Energy delivered to Retail Customer at and past the Point of Delivery in accordance with Section 5.5, RETAIL CUSTOMER'S ELECTRICAL LOAD.

##### **5.4.2 INSPECTION AND APPROVAL OF RETAIL CUSTOMER'S ELECTRICAL INSTALLATION**

In those locations where an ordinance requires Retail Customer to obtain a certificate of inspection and acceptance or a permit, Retail Customer will obtain all necessary permits and certificates of inspection covering its electrical installation. Company will not interconnect its Delivery System facilities with Retail Customer's Electrical Installation until Company receives notification of approval of Retail Customer's Electrical Installation by the proper authority.

Company does not assume any duty of inspecting Retail Customer's lines, wires, switches, or other equipment. Without limiting the provisions of the foregoing sentence, Company may decline to interconnect its Delivery System facilities with any of Retail Customer's Electrical Installation that is known to be hazardous under applicable Codes or that is of such character that satisfactory Delivery Service cannot be provided consistent with Good Utility Practice, or where a known dangerous condition exists and for as long as it exists.

##### **5.4.3 LOCATION OF POINT OF DELIVERY AND RETAIL CUSTOMER'S ELECTRIC INSTALLATION**

Retail Customer's Electrical Installation must be arranged so that the location of the Point of Delivery allows Company to provide safe and reliable Delivery Service, taking into consideration the location of

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existing Company facilities and construction needed to connect Retail Customer's Electric Installation to Company system.

Any change from the Company-approved Point of Delivery may be subject to a Discretionary Service Charge pursuant to Section 6.1, RATE SCHEDULES.

In the event Company is required by Applicable Legal Authorities to relocate any of its facilities, Retail Customer will, at Retail Customer's expense, relocate or change Retail Customer's Electrical Installation as required.

#### **5.4.4 CONNECTION OF RETAIL CUSTOMER'S ELECTRICAL INSTALLATION TO COMPANY FACILITIES**

Only personnel authorized by Company are permitted to make, energize, or de-energize connections between Company facilities and Retail Customer's Electrical Installation.

#### **5.4.5 PROVISIONS FOR COMPANY FACILITIES AND EQUIPMENT AND THE METER**

Retail Customer must grant to or secure for Company, at Retail Customer's expense, any rights-of-way or easements on property owned or controlled by Retail Customer necessary for Company to install Delivery System facilities for the sole purpose of delivering Electric Power and Energy to Retail Customer. Retail Customer must provide, without cost to Company, suitable space on Retail Customer's Premises for the installation of Delivery System facilities necessary to deliver Electric Power and Energy to Retail Customer and for installation of Metering Equipment and the Meter pursuant to Section 5.10, METER.

#### **5.4.6 RETAIL CUSTOMER'S DUTY REGARDING COMPANY'S FACILITIES ON RETAIL CUSTOMER'S PREMISES**

Consistent with Section 5.2, LIMITS ON LIABILITY (which limits any legal liability only as expressly stated therein), Retail Customer shall have a duty to exercise reasonable care not to damage Company Delivery System facilities on Retail Customer's Premises and shall not be considered to be a bailee or to have possession of those facilities.

Retail Customer shall not Tamper with Company's facilities or the Meter on Retail Customer's Premises. *Company shall not be liable to Retail Customer for any injuries that result from such Tampering.* Loss of, or damage to, Company Delivery System facilities on Retail Customer's Premises caused by or arising out of Retail Customer's Tampering or failure to exercise reasonable care not to damage such facilities shall be subject to the provisions of Section 5.2, LIMITS ON LIABILITY. Charges for such loss or damage shall be consistent with Section 6.1, RATE SCHEDULES.

The Retail Customer's authorization of the use of the Meter by a third party or designation of a Meter Owner does not relieve the Retail Customer of its obligations with regard to exercising care of the Delivery

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System or of prohibitions against Tampering with the Meter. Additionally, consistent with Section 6.1, RATE SCHEDULES, the Company may assess charges to Retail Customer for any damage or loss caused by the Retail Customer or by parties to whom Retail Customer has authorized to access the Meter.

Company shall repair any street light or security light within 15 calendar days of receipt of a repair request from either the Retail Customer or Competitive Retailer unless otherwise provided in the Rate Schedules that pertain to lighting.

#### **5.4.7 UNAUTHORIZED USE OF DELIVERY SYSTEM**

In the event of use or attempted use of the Delivery System, without Company's authorization, whether by Tampering with Meter or Metering Equipment or by any other means, Delivery Service may be suspended by Company. Company must comply with all Applicable Legal Authorities and Section 5.3.7, SUSPENSION OF SERVICE. A person found to be using the Delivery System without authorization must pay the charge for restoring Delivery Service as provided in Company's Rate Schedules under which that person would normally receive Delivery Service and may be required to pay all charges, including the following, before Delivery Service will be restored or initiated:

- (1) The Delivery Charges associated with the estimated amount of electricity delivered without Company authorization, which may be estimated based on amounts used under similar conditions during preceding years. Where no previous usage history exists at the same Premises, consumption may be estimated on the basis of usage levels of similar Retail Customers at similar Premises under similar conditions;
- (2) The cost of replacement or repair of any damaged Meter and associated Company equipment;
- (3) The cost of installment of protective facilities or of relocation of Meter, if necessary to prevent further unauthorized use; and
- (4) All other costs associated with the investigation and correction of the unauthorized use.

#### **5.4.8 ACCESS TO RETAIL CUSTOMER'S PREMISES**

Company's duly authorized representatives have the right of access to Retail Customer's Premises at all reasonable hours, or at any hour if for the sole purpose of restoring Delivery Service, to: inspect, erect, install, maintain, upgrade, convert, remove, or replace Company's wiring apparatus and other facilities; read the Meter; and perform other activities necessary to provide Delivery Service, including tree trimming and tree removal where such trees in the opinion of Company constitute a hazard to Company personnel or facilities, or to the provision of continuous Delivery Service, provided, however, that such representatives comply with all applicable site-specific safety requirements which have been communicated by Retail Customer in writing to Company. Such personnel must exhibit a photo-identification badge to gain access.

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Failure to provide access may result in suspension of Delivery Service and/or additional charges under the appropriate Commission approved Tariff that shall be billed to Retail Customer's designated Competitive Retailer. Company will notify Retail Customer's designated Competitive Retailer of Retail Customer's failure to provide access. Retail Customer shall not grant access to the facilities of Company and the Meter except to authorized Company representatives.

## **5.5 RETAIL CUSTOMER'S ELECTRICAL LOAD**

### **5.5.1 LOAD BALANCE**

If a Retail Customer takes multi-phase Delivery Service, Retail Customer must take reasonable actions to control the use of Electric Power and Energy so that Retail Customer's Electrical Load at the Point of Delivery is in reasonable balance.

### **5.5.2 INTERMITTENT ELECTRICAL LOADS AND LIMITATIONS ON ADVERSE EFFECTS**

Retail Customer shall not, without Company's consent, connect or operate equipment that produces voltage fluctuations, interference or distorted wave forms that adversely affect Delivery Service to other Retail Customers or that may be detrimental to the Delivery System. Such equipment includes, but is not limited to, spot and arc welding machines, X-ray machines, arc-furnaces, variable speed drives, elevators, dredges, locomotives, shovels, feed grinders, etc. Retail Customer contemplating the installation of such equipment must make specific prior arrangements through Competitive Retailer, or if directed by Competitive Retailer, with the Company directly. As part of such arrangements, Company may require the installation on Retail Customer's side of the Meter, of suitable apparatus, including additional transformer capacity or other equipment designed specifically to reasonably limit such adverse effect. Any such equipment provided by Company on the Delivery System (which may or may not be dedicated solely to such Retail Customer) to correct such adverse effects shall be treated as a Discretionary Service that is subject to the applicable Rate Schedule contained in Section 6.1, RATE SCHEDULES.

Company shall comply with the procedures described in P.U.C. SUBST. R. 25.51, Power Quality.

Where intermittent electrical loads or load control devices are a part of Retail Customer's installation, Company may determine through a methodology approved by the Commission, the billing Demand associated with the Retail Customer's Premises on the basis of a time interval which is shorter than that specified in Company's Rate Schedule under which Retail Customer is receiving Delivery Service.

### **5.5.3 EQUIPMENT SENSITIVE TO VOLTAGE AND WAVE FORMS**

Retail Customers planning the installation of electric equipment such as computers, communication equipment, electronic control devices, motors etc., the performance of which may be adversely affected by

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voltage fluctuations, distorted 60 hertz wave forms, or single phase events, are responsible for providing and installing the necessary facilities, including protective equipment, to limit these adverse effects.

#### **5.5.4 CHANGE IN RETAIL CUSTOMER'S ELECTRICAL LOAD**

Retail Customer, or Competitive Retailer at the request of Retail Customer, shall notify Company when Retail Customer's Electrical Load or contracted Demand is to be changed substantially so that Company may ensure its facilities are adequate. In the event Retail Customer adds electrical load at Retail Customer's installation that results in the use of Delivery Service in excess of the maximum capacity of the Delivery System facilities serving Retail Customer, Retail Customer is subject to liability pursuant to Section 5.2, LIMITS ON LIABILITY for any damage to Company's facilities resulting from the use of Delivery Service in excess of such maximum.

#### **5.5.5 POWER FACTOR**

If the Power Factor of Retail Customer's load is found to be less than 95% lagging as measured at the Meter, Company may require Retail Customer to arrange for the installation of appropriate equipment on Retail Customer's side of the Meter necessary to correct Retail Customer's Power Factor between unity and 95% lagging as measured at Meter, or, if Retail Customer fails to correct its Power Factor consistent with this standard, the demand associated with Retail Customer's use of Delivery Service, as determined in the appropriate Rate Schedules in Section 6.1 RATE SCHEDULES, may be increased according to the following formulas:

- (1) Calculation of Power Factor Adjusted NCP kW.

The NCP kW applicable under the Monthly Rate section shall be modified by the following formula:

Power Factor Adjusted Monthly NCP kW=(Actual Monthly NCP kW x 0.95)/Current Month Power Factor

- (2) Calculation of Power Factor Adjusted 4-CP kW.

Each of the Retail Customer's monthly coincident peak kW demands used to calculate the Retail Customer's average 4 CP kW demand applicable under the Monthly Rate section shall be calculated using the following formula:

Power Factor Adjusted Monthly CP kW =(Actual Monthly CP kW demand at the time of the ERCOT peak x 0.95)/Monthly Power Factor

Power Factor Adjusted 4-CP kW=average of the Retail Customer's Monthly CP kW as adjusted for power factor if applicable.

- (3) Power Factor Adjusted Monthly NCP kW demands will be used in determining the Billing kW under the applicable tariff schedule.

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If Company has a different power factor billing adjustment it shall conform to these calculations upon its next general rate case.

Should a Retail Customer's Power Factor deviate from the standard described above to the point that it is causing Delivery System problems for other Retail Customers, and the Retail Customer fails to correct the problem after sufficient notice, Company may install the necessary equipment on the Delivery System to correct the problem to the standard described above, and the Retail Customer shall be required to reimburse Company for the cost.

#### **5.5.6 TESTING OF RETAIL CUSTOMER EQUIPMENT**

In situations where historical Demand requirements will be exceeded due to properly noticed and Company approved scheduled equipment testing, Company will ignore for Billing Demand ratchet purposes the test period demands. Approval of the equipment testing schedule including date and time, shall be at Company's discretion, but shall not be unreasonably withheld, provided Retail Customer or Competitive Retailer contacts Company at least ten days in advance of the equipment testing. In no event shall Company approved testing occur between the hours of 12 noon and 8:00 PM during the weekdays of the months of June, July, August, and September. Charges for electric usage (kWh and kW) during the test period, may be billed to the Competitive Retailer. Increased demand for the testing period shall not affect the customer's demand for billing ratchet purposes. Charges for reading and resetting the Meter, if required, shall be as calculated and shall be billed to Competitive Retailer.

### **5.6 LIMITATIONS ON USE OF DISTRIBUTION SERVICE**

#### **5.6.1 INTRASTATE RETAIL DELIVERY SERVICE LIMITATIONS (FOR ERCOT UTILITIES)**

Company will not provide Delivery Service to Retail Customer where any part of Retail Customer's Electrical Installation is located outside the State of Texas or is connected directly or indirectly to any other electric lines, all or part of which are located outside the State of Texas, other than through certain high-voltage direct current interconnections constructed under orders of the Federal Energy Regulatory Commission.

#### **5.6.2 PARALLEL OPERATION**

Retail Customer may not, without written agreement with Company, connect Retail Customer's Electrical Installation to a source of Electric Power and Energy in a manner that may permit Electric Power and Energy to flow into the Delivery System from such source. Retail Customer proposing the interconnection of Distributed Generation must comply with the provisions set forth in this Tariff and Applicable Legal

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Authorities. Requirements and specifications for all other interconnections for parallel operation shall be individually negotiated with Company.

## **5.7 FACILITIES EXTENSION POLICY**

### **5.7.1 GENERAL**

This Facilities Extension Policy (“Policy”) addresses the requirements associated with extension of Delivery System facilities, i.e., Construction Services, at the request of Retail Customer or Competitive Retailer on behalf of its Retail Customer, for the following situations, which are sometimes collectively referred to as “extensions”:

- (1) Installation of standard facilities;
- (2) Installation of facilities in excess of standard facilities normally provided for requested type of service and allowed for in this Tariff;
- (3) Installation of non-standard facilities;
- (4) Upgrades of facilities due to Customer adding load;
- (5) Electric connections to temporary facilities; and
- (6) Removal and relocation of facilities.

Company is responsible for the construction of Delivery System facilities necessary to connect Retail Customer’s Point of Delivery to the Delivery System. The treatment of extension of Meter facilities is excluded from this section and is addressed in Section 5.10, METER, of this Chapter. Payments in the form of a contribution in aid of construction or an advance for construction may be required from the entity requesting such Construction Service prior to commencement of construction in accordance with Section, 5.7.4, ALLOWANCE FOR FACILITIES, Section 5.7.5, NON-STANDARD FACILITIES, and Section 6.1, RATE SCHEDULES.

### **5.7.2 CONTRACTUAL ARRANGEMENTS**

Company may require an executed Facility Extension Agreement, in the form approved by the Commission and specified in Section 6.3, AGREEMENTS AND FORMS, of this Tariff, between the entity requesting such service and Company prior to Company constructing standard and non-standard Delivery System facilities. In those instances where any payments are required, Company will provide a detailed cost estimate for the entity requesting the service to determine the special contractual arrangements required before Construction Service is provided. Regardless of any such payment, Company shall at all times have title to and complete ownership and control over facilities installed by Company.

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### **5.7.3 PROCESSING OF REQUESTS FOR CONSTRUCTION OF DELIVERY SYSTEM**

Requests for new residential Delivery Service requiring Construction Service, such as line extensions, shall be completed within 90 days of execution of the Facility Extension Agreement, or within a time period agreed to by the entity requesting the Construction Service and Company, and after the entity requesting Construction Service has made satisfactory payment arrangements for Construction Service Charges. For all other extensions requiring construction, requests should be completed within the time estimated by Company. For the purposes of this section, facility placement that requires a permit for a road or railroad crossing will be considered a line extension. Unless mutually agreed to by Company and Retail Customer, within ten Business Days of Company's receipt of a detailed request, Company shall give the entity requesting Construction Service an estimated completion date and an estimated cost for all charges to be assessed.

Unless a delay is beyond the reasonable control of Company, a delay of more than 90 days beyond execution of the Facility Extension Agreement for new residential Delivery Service shall constitute failure to serve, unless the entity requesting the service has agreed to a longer term. The Commission may conduct enforcement action and seek penalties and other remedies for unreasonable delays.

### **5.7.4 ALLOWANCE FOR FACILITIES**

The entity requesting the service will receive an allowance for installation of facilities. The calculation of the allowance and definitions of standard and non-standard facilities are provided in Chapter 6. Payments in the form of a contribution in aid of construction may be required for requested extensions in excess of the allowance in accordance with Chapter 6. When two or more applications for Delivery Service from the same extension are received prior to starting construction of the extension, the maximum allowance is the sum of each individual applicant's allowance.

### **5.7.5 NON-STANDARD FACILITIES**

Non-standard facilities are defined in Chapter 6, and may include but are not limited to a two-way feed, automatic and manual transfer switches, Delivery Service through more than one Point of Delivery, redundant facilities, facilities in excess of those normally required for Delivery Service, or facilities necessary to provide Delivery Service at a non-standard voltage.

If the entity requesting Construction Service desires Delivery Service utilizing non-standard Delivery System facilities, as described above and not covered elsewhere in this Tariff, Company shall construct such facilities unless, in the reasonable judgment of Company, such construction would impair Company's facilities or facilities with which Company is interconnected, impair the proper operation of such facilities, impair service to Retail Customers, or there are other appropriate concerns that the entity requesting service is unable or unwilling to correct. The entity requesting Construction Service shall pay to Company the

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estimated cost of all non-standard facilities, offset by any applicable allowance, as detailed in Chapter 6, and the Facility Extension Agreement.

#### **5.7.6 CUSTOMER REQUESTED FACILITY UPGRADES**

In the case of upgrades to Delivery System facilities necessitated by Retail Customer adding load in excess of existing Delivery System facility capacity, should a contribution in aid of construction be required pursuant to Chapter 6, only the cost of the facility upgrades that are attributable to the Retail Customer's request will be included in calculating a payment to Company.

#### **5.7.7 TEMPORARY DELIVERY SYSTEM**

Company is responsible for the extension of Delivery System facilities necessary to connect Retail Customer's temporary Point of Delivery to Company's Delivery System for the purpose of providing temporary Delivery Service. Retail Customer, or the entity requesting such service, shall pay Company prior to Company's constructing temporary Delivery System facilities in accordance with Chapter 6.

#### **5.7.8 REMOVAL AND RELOCATION OF COMPANY'S FACILITIES AND METERS**

Company may remove or relocate Company facilities and the Meter at Retail Customer's request unless doing so would create a safety hazard or would be incompatible with providing safe and reliable Delivery Service. Retail Customer, or the entity requesting such removal or relocation, shall pay to Company the total cost of removing or relocating such Delivery System facilities in accordance with Chapter 6. Company shall notify Competitive Retailer of all Meter Removals pursuant to this section.

#### **5.7.9 DISMANTLING OF COMPANY'S FACILITIES**

Company may, upon discontinuation of Delivery Service to Retail Customer, dismantle and remove all lines, equipment, apparatus, or other facilities, which Company installed to provide Delivery Service to Retail Customer. Company may abandon in place, in whole or in part, its underground lines and equipment in lieu of removing such. Company shall be subject to liability pursuant to Section 5.2 LIMITS ON LIABILITY (which limits any legal liability only as expressly stated therein), for any such abandoned lines or equipment, and may offer Retail Customer the option to terminate applicable easements pursuant to this Tariff. If Company removes outdoor lighting on its own initiative, it shall not charge for removal. A Retail Customer or a Competitive Retailer on behalf of Retail Customer, shall request removal of outdoor lighting facilities at least 30 days prior to the requested removal date. The removal request shall be completed by Company on requested removal date. If mutually agreed to by Company and the Retail Customer, or the Competitive Retailer on behalf of the Retail Customer, Company may begin the removal of outdoor lighting facilities and complete the removal of outdoor lighting facilities on a date or dates other than the initially requested removal date.

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## **5.8 BILLING AND REMITTANCE**

### **5.8.1 BILLING OF DELIVERY CHARGES**

Company shall bill Retail Customer's selected Competitive Retailer for all charges associated with Delivery Services and Discretionary Charges not associated with Construction Services. In no case shall Delivery Service Charges be billed to a Competitive Retailer for a time period when the Competitive Retailer was not the Retail Electric Provider for the Retail Customer.

### **5.8.2 BILLING TO RETAIL CUSTOMER BY COMPANY**

For Construction Services, Company shall bill the entity that requests Construction Services from Company. When Retail Customer requests such services, Company may, pursuant to this Tariff and according to the terms of Facility Extension Agreement, require prepayments, contributions in aid of construction, or lump-sum payments for Construction Services. Upon a showing by Retail Customer of satisfactory credit, Company may extend payment options, such as deferred payment plans or installments of charges associated with Construction Services. Charges billed to Retail Customer pursuant to this section shall remain the responsibility of Retail Customer regardless of any change in Retail Customer's designated Competitive Retailer.

Retail Customers may also be billed by Company for damage caused to Company facilities by Retail Customer, pursuant to Section 5.4.6, RETAIL CUSTOMER'S DUTY REGARDING COMPANY'S FACILITIES ON RETAIL CUSTOMER'S PREMISES, or Section 5.5.4, CHANGE IN RETAIL CUSTOMER'S ELECTRICAL LOAD, or for costs incurred by Company to correct any adverse effects of Retail Customer's Electrical Installation pursuant to Section 5.5.2, INTERMITTENT ELECTRICAL LOADS AND LIMITATIONS ON ADVERSE EFFECTS, or to correct Power Factor problems pursuant to Section 5.5.5, POWER FACTOR.

## **5.9 DEFAULT AND REMEDIES ON DEFAULT**

### **5.9.1 COMPANY REMEDIES ON DEFAULT BY COMPETITIVE RETAILER**

Upon failure of Competitive Retailer to timely abide by the terms of this Tariff, Competitive Retailer may be required to transfer Retail Customer to the POLR or arrange for Retail Customers to be served by another qualified Competitive Retailer or the POLR, as provided in Section 4.6 DEFAULT AND REMEDIES ON DEFAULT.

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## **5.10 METER**

### **5.10.1 METERING PRACTICES**

Unless otherwise agreed to by Company and Retail Customer, Delivery Service is provided through one Point of Delivery, with Retail Customer's service entrance arranged so that Company can measure Retail Customer's Service with one Meter. Additional information, including information concerning non-Company or advanced metering installations, may be found in Chapter 6.

### **5.10.2 RETAIL CUSTOMER RESPONSIBILITY AND RIGHTS**

Each Retail Customer shall use reasonable care not to damage any of Company's Metering Equipment and related appurtenances on Retail Customer's Premises. Meters for residential Retail Customers shall be Company-owned unless otherwise determined by the Commission. Retail Customers required by the Independent Organization to have an IDR Meter may choose a Meter Owner, other than Company, in accordance with Applicable Legal Authorities otherwise, the Meter shall be owned by the Company.

Retail Customer shall own all Meter Data related to the premise occupied by that customer, regardless of whether the Meter Owner is the Retail Customer, the owner of the premise or a third party. Ownership of the Meter Data does not affect Company's obligations under this Tariff or other Applicable Legal Authorities to transmit Meter Data to the Independent Organization or the Retail Customer's Competitive Retailer. To the extent that data integrity is not compromised, the Retail Customer shall have the right to physical access to the Meter to obtain such Meter Data when technically feasible. The Retail Customer shall have the right and capability, including necessary security passwords, to assign access to the Retail Customer's Meter Data related to the premise occupied by that customer. "Physical Access" does not grant a customer the right to access a Meter in any way that may allow the customer the ability, directly or indirectly to alter billing and settlement data or compromise the safety of the Meter. Retail Customer is precluded from accessing any element of the Meter that may permit Retail Customer to alter billing and settlement data or compromise the accuracy or integrity of the Meter Data.

Retail Customer and, to the extent authorized by the Retail Customer, its designated Competitive Retailer shall have access to all of Retail Customer's Meter Data, including the data used to calculate charges for Delivery Service, Retail Customer's historical load data and other proprietary customer data from Company pursuant to Applicable Legal Authorities. If authorized by the Commission, Company may assess a charge for compiling such data pursuant to Section 6.1, RATE SCHEDULES.

#### **5.10.2.1 REQUIREMENTS**

Retail Customer shall provide the following, at no cost to Company, at a suitable and easily accessible location:

- (1) Sufficient and proper space for installation of Meter and Metering Equipment;

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- (2) Meter socket and Meter enclosure as specified by Company for all self-contained Meters;
- (3) Meter loop; and
- (4) An adequate anchor for Service Drops.

Where the Point of Delivery is inside the building, Customer shall provide the service entrance enclosure and space for Company's instrument transformers, as required. Retail Customer shall install Company-approved Meter socket or Meter enclosure. No Meter or Metering Equipment may be by-passed for any reason without prior approval of Company or as permitted by Applicable Legal Authorities.

### **5.10.3 METERING OF RETAIL CUSTOMER'S INSTALLATION IN MULTI-METERED BUILDINGS**

When Delivery Service is measured through individual Meters for each living unit in multi-family dwellings or each retail space in a multi-tenant building, the property owner of each individually metered living unit or retail space is responsible for proper connection of Retail Customer's Electrical Installation to the Meter socket for Meter, including correct identification and labeling of Meter socket in order to designate living unit or retail space being metered. Company requires property owner, at property owner's expense, to correct any improper connection or identification and, when responsible, reimburse Company for any costs incurred as a result of the improper connection except as otherwise required by Applicable Legal Authorities.

### **5.10.4 LOCATION OF METER**

Consistent with Good Utility Practice, a Meter and its associated equipment shall be installed in a location that facilitates the provision of safe and reliable Delivery Service and accurate measurement and that provides a clear working space on all sides. The center of the Meter shall be not less than four feet and not more than six feet above the finished grade. All Meter locations should be as near as possible to the Point of Delivery. Meters for residential Retail Customers are to be located outside the building. Meter location for nonresidential Retail Customers normally will be outside the building. Inside locations may be permitted with Company's approval.

Meters will not be installed as follows:

- (1) In any hazardous location;
- (2) In any place where vibration, moisture, fumes or dust may damage the Meter or interfere with its operation;
- (3) Directly over any stairway, ramp or steps;
- (4) On any portion of a building which at a later date will be enclosed and thereby render the Meter inaccessible;

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- (5) In any location accessible only through a hatchway, trapdoor, or by means of a ladder; or
- (6) In or recessed in the external surface of any wall that is within three feet of any property line, or that is over the edge of any walk, alley or driveway which provides access to commercial or industrial property.

#### **5.10.5 NON-COMPANY OWNED METERS**

Company shall provide all services associated with the Meter unless otherwise authorized by the Commission in accordance with Applicable Legal Authorities, including but not limited to, ownership, installation, removal, maintenance, testing and calibration, and data collection and management for Company billing and submission to Independent Organization.

Requests for installation and/or removal of a Non-Company Owned Meter shall be made by the Retail Customer's Competitive Retailer in accordance with Applicable Legal Authorities, or by the Retail Customer to the Company directly. All such requests must include at least the following information:

- (1) Retail Customer contact name;
- (2) Retail Customer contact phone number;
- (3) Meter Owner contact name, address and phone number;
- (4) Meter Type and manufacturer;
- (5) Competitive Retailers contact name and phone number;
- (6) ESI ID if in existence and available;
- (7) Service address and directions to location when appropriate;
- (8) Service requested; and
- (9) Name, address, phone number and e-mail address of any agent designated by Retail Customer to make arrangements with Company for the requested service.

Company shall acknowledge receipt of the request to Retail Customer, Competitive Retailer or Retail Customer's designated agent and will contact the entity designated by the Retail Customer to make proper arrangement to provide the requested service in accordance with Applicable Legal Authorities.

An executed Service Agreement as approved by the Commission is required before installation of a Non-Company Owned Meter. The Service Agreement will include authorization of the Retail Customer's designated Meter Owner and will be in the form specified in Section 6.3, AGREEMENTS AND FORMS. Retail Customer is responsible for ensuring that Company is notified of any changes concerning the Non-Company owned Meter in accordance with the Service Agreement and Applicable Legal Authorities.

The installation of a Meter that will cause a change of the settlement profile for the ESI ID may occur at any time of the month, however the settlement profile will not change until the beginning of the next scheduled Meter Reading/billing cycle.

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Company shall not remove the Non-Company Owned Meter upon de-energization of the Meter unless a specific request for Meter removal has been made by the Retail Customer, the Retail Customer's Competitive Retailer, the customer's designated agent or the Meter owner. However, if the Company receives a request to energize a Meter not owned by the Company and there is not an agreement in place with the Meter Owner at the time that energization is requested, the Company may remove the Meter.

Upon removal of a Non-Company Owned Meter, Company shall immediately contact the Retail Customer, Meter Owner, and Competitive Retailer and shall ship the Meter Cash on Delivery (COD) to designated Meter Owner or shall safeguard the Meter until the earlier of (a) the date the Meter Owner takes possession of the Meter, or (b) 60 calendar days from the date of removal of the Meter. If the Meter Owner fails to take possession of the Meter within 60 calendar days or upon 30 days of the return of a Meter that has been shipped COD, the Company is no longer responsible for safeguarding the Meter and may dispose of it in any manner the Company deems appropriate.

Charges associated with Non-Company Owned Meters will be invoiced directly to the Retail Customer, Competitive Retailer, or the entity requesting the service, pursuant to Chapter 6, including charges for the installation, removal, and storage of a Non-Company Owned Meter and the installation and removal of a Meter owned by the Company.

## **5.11 RETAIL CUSTOMER INQUIRIES**

### **5.11.1 SERVICE INQUIRIES**

Retail Customer may contact Company directly regarding the Delivery Service, for the following situations:

- (1) Inquiries regarding site specific Delivery Services;
- (2) Construction of new lines, installation of a Meter, modification of existing equipment or change in Point of Delivery; or
- (3) Special circumstances such as Delivery Service requirements that are of non-standard size or characteristics.

Retail Customer seeking information about the above items may contact the Company during normal business hours. In the event that Company personnel with the expertise needed to respond to the inquiry are not immediately available at the time of the Retail Customer's call, Company shall ensure that the Retail Customer is contacted within two Business Days.

### **5.11.2 COMPLAINTS**

Retail Customer may submit written complaints about Delivery Service to Company and may call Company to lodge complaints orally. Retail Customer shall contact the person listed under Section 5.1.2,

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COMPANY CONTACT INFORMATION. Company shall inform Retail Customer of its right to file a complaint with the Commission. Company shall provide contact information for the Commission to the Customer.

### **5.11.3 BILLING INQUIRIES**

Retail Customer inquiries concerning billing related issues shall be directed to Retail Customer's designated Competitive Retailer. Inquiries related to billing for Construction Services billed directly to Retail Customer should be referred to Company.

## **5.12 OUTAGE REPORTING**

### **5.12.1 NOTIFICATION OF INTERRUPTIONS, IRREGULARITIES, AND SERVICE REPAIR REQUESTS**

Retail Customer should report outages, interruptions, irregularities, or repair requests as directed by its designated Competitive Retailer.

Company shall maintain a toll free number to receive, in either English or Spanish, reports of interruptions, irregularities, or repair requests from a Retail Customer.

If Retail Customer directly contacts Company, Retail Customer must ensure that all necessary information is communicated to Company in a timely manner so as not to unnecessarily delay Company's response.

The data necessary includes the following:

- (1) Retail Customer name, and if different, contact name;
- (2) Retail Customer phone number, and if different, contact phone number;
- (3) Service address (including city and zip code) and directions to location;
- (4) ESI ID, if available; and
- (5) Description of problem.

### **5.12.2 RESPONSE TO REPORTS OF INTERRUPTIONS AND REPAIR REQUESTS**

The Company will promptly investigate reported problems. If, upon making a Service Call, Company determines that a reported problem is caused by a condition on Retail Customer's side of the Point of Delivery, Company shall notify Competitive Retailer, and charge Competitive Retailer a fee for the Service Call pursuant to the applicable Service Charges in Chapter 6 of this Tariff.

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**CHAPTER 6: COMPANY SPECIFIC ITEMS****6.1 RATE SCHEDULES****6.1.1 DELIVERY SYSTEM CHARGES****6.1.1.1 CHARGES FOR TRANSMISSION AND DISTRIBUTION SYSTEM SERVICE****6.1.1.1.1 RESIDENTIAL SERVICE****AVAILABILITY**

This schedule is applicable to Delivery Service for residential purposes of a permanent nature to individual private dwellings and to individually metered apartments when such Delivery Service is to one Point of Delivery and measured through one Meter and is not for shared or resale purposes.

**TYPE OF SERVICE**

Delivery Service will be single-phase, 60 hertz, at a standard secondary voltage. Delivery Service will be metered using Company's standard watt-hour Meter provided for this type of Delivery Service. Any other metering option(s) will be provided at an additional charge. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2, Construction Services, of this Tariff.

**MONTHLY RATE****I. Transmission and Distribution Charges:**

Customer Charge	\$1.99	per Retail Customer per Month
Metering Charge	\$1.79	per Retail Customer per Month
Transmission System Charge	\$.005342	per kWh
Distribution System Charge	\$.017648	per kWh

**II. System Benefit Fund Charge:** See Rider SBF**III. Transition Charge:** See Schedules TC, TC2, TC3 and SRC**IV. Nuclear Decommissioning Charge:** See Rider NDC**V. Transmission Cost Recovery Factor:** See Rider TCRF

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<b>VI. Excess Mitigation Credit:</b>	Not Applicable
<b>VII. State Colleges and Universities Discount:</b>	See Rider SCUD
<b>VIII. Competition Transition Charge:</b>	See Rider CTC
<b>IX. Other Charges or Credits:</b>	
A. Municipal Account Franchise Credit (see application and explanation below)	\$(.001780) per kWh
B. Rate Case Expenses Surcharge	See Rider RCE
C. Rider UCOS Retail Credit	See Rider RURC
D. Advanced Metering System Surcharge	See Rider AMS
E. Energy Efficiency Cost Recovery Factor	See Rider EECRF
F. Accumulated Deferred Federal Income Tax Credit	See Rider ADFITC

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Residential Service. Where more than four family units or apartments are served through one Meter, billing will be under the applicable commercial Rate Schedule.

Service Voltages. Company's standard service voltages are described in 6.2.2, Standard Voltages and in the Company's Service Standards. Three phase service is not generally available to residential Retail Customers. Check with Company representative to determine if three phase service is available.

Municipal Account Franchise Credit. A credit equal to the amount of franchise fees included in the Transmission and Distribution Charges will be applied to municipal accounts receiving service within the incorporated limits of such municipality which imposes a municipal franchise fee upon the Company based on the kWh delivered within that municipality and who have signed an appropriate Franchise Agreement.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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**6.1.1.1.2 SECONDARY SERVICE LESS THAN OR EQUAL TO 10 KVA****AVAILABILITY**

This schedule is applicable to Delivery Service for non-residential purposes at secondary voltage with demand less than or equal to 10 kVA when such Delivery Service is to one Point of Delivery and measured through one Meter and is not for shared or resale purposes.

**TYPE OF SERVICE**

Delivery Service will be single-phase, 60 hertz, at a standard secondary voltage. Delivery Service will be metered using Company's standard watt-hour Meter provided for this type of Delivery Service. Any other metering option(s) will be provided at an additional charge and/or will be provided by a Meter Owner other than the Company pursuant to Applicable Legal Authorities. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2, Construction Services, in this Tariff.

**MONTHLY RATE****I. Transmission and Distribution Charges:**

Customer Charge	\$2.00	per Retail Customer per Month
Metering Charge	\$1.74	per Retail Customer per Month
Transmission System Charge	\$.003945	per kWh
Distribution System Charge	\$.016845	per kWh

**II. System Benefit Fund Charge:**

See Rider SBF

**III. Transition Charge:**

See Schedules TC, TC2, TC3 and SRC

**IV. Nuclear Decommissioning Charge:**

See Rider NDC

**V. Transmission Cost Recovery Factor:**

See Rider TCRF

**VI. Excess Mitigation Credit:**

Not Applicable

**VII. State Colleges and Universities Discount:**

See Rider SCUD

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- |   |             |                  |
|---|-------------|------------------|
| <b>VIII. Competition Transition Charge:</b>                                   |             | See Rider CTC    |
| <b>IX. Competitive Metering Credit:</b>                                       |             | See Rider CMC    |
| <b>X. Other Charges or Credits:</b>   |             |                  |
| A. Municipal Account Franchise Credit (see application and explanation below) | \$(.002190) | Per kWh          |
| B. Rate Case Expenses Surcharge   |             | See Rider RCE    |
| C. Rider UCOS Retail Credit   |             | See Rider RURC   |
| D. Advanced Metering System Surcharge   |             | See Rider AMS    |
| E. Energy Efficiency Cost Recovery Factor                                     |             | See Rider EECRF  |
| F. Accumulated Deferred Federal Income Tax Credit                             |             | See Rider ADFITC |

**COMPANY SPECIFIC APPLICATIONS**

Secondary Service Less Than or Equal to 10 kVA. This rate schedule is applicable only to Retail Customers whose current month's peak demand is 10 kVA or less and whose peak demand has not exceeded 10 kVA in any of the previous eleven months. If monthly peak demand is greater than 10 kVA, Retail Customer will be placed on the *Secondary Service Greater Than 10 kVA* Rate Schedule for a period of not less than twelve months. If this Rate Schedule is taken for Delivery Service for Electric Power and Energy supplied by Retail Customer's REP for standby or other intermittent purpose, Company may, at its sole discretion, require the Retail Customer to make additional contractual arrangements and/or require additional metering.

Service Voltages. Company's standard service voltages are described in 6.2.2, Standard Voltages and the Company's Service Standards.

Municipal Account Franchise Credit. A credit equal to the amount of franchise fees included in the Transmission and Distribution Charges will be applied to municipal accounts receiving service within the incorporated limits of such municipality which imposes a municipal franchise fee upon the Company based on the kWh delivered within that municipality and who have signed an appropriate Franchise Agreement.

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Un-metered Service. Un-metered service is available for non-residential electric connection service at the discretion of the Company, Competitive Retailer, and Retail Customer, in limited situations when metering equipment is impractical or disproportionately expensive, and when the Retail Customer's electric load can be reasonably estimated or predicted from the nameplate or engineering studies of the installed equipment. Special protective devices may be required to be installed and/or paid for by customer. The "Metering Charge" contained in the monthly rate is not applicable to un-metered service.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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**6.1.1.1.3 SECONDARY SERVICE GREATER THAN 10 KVA****AVAILABILITY**

This schedule is applicable to Delivery Service for non-residential purposes at secondary voltage with demand greater than 10 kVA when such Delivery Service is to one Point of Delivery and measured through one Meter.

**TYPE OF SERVICE**

Delivery Service will be single or three-phase, 60 hertz, at a standard secondary voltage. Delivery Service will be metered using Company's standard Meter provided for this type of Delivery Service. Any Meter other than the standard Meter will be provided at an additional charge and/or will be provided by a Meter Owner other than the Company pursuant to Applicable Legal Authorities. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2, Construction Services, in this Tariff.

**MONTHLY RATE****I. Transmission and Distribution Charges:**

	Standard Class	Subclass Exception	
Customer Charge	\$5.27	\$0.00	per Retail Customer per Month
Metering Charge			
Non-IDR Metered	\$31.86	\$17.07	per Retail Customer per Month
IDR Metered	\$116.89	\$116.89	per Retail Customer per Month
Transmission System Charge			
Non-IDR Metered	\$1.1027	\$1.1027	per NCP kVA
IDR Metered	\$1.4709	\$1.4709	per 4CP kVA
Distribution System Charge	\$3.118137	\$3.118137	per Billing kVA

The following charges are applicable to both the Standard Class and the Subclass Exception

<b>II. System Benefit Fund:</b>	See Rider SBF
<b>III. Transition Charge:</b>	See Schedules TC, TC2, TC3 and SRC
<b>IV. Nuclear Decommissioning Charge:</b>	See Rider NDC
<b>V. Transmission Cost Recovery Factor:</b>	See Rider TCRF

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<b>VI. Excess Mitigation Credit:</b>	Not Applicable
<b>VII. State Colleges and Universities Discount:</b>	See Rider SCUD
<b>VIII. Competition Transition Charge:</b>	See Rider CTC
<b>IX. Competitive Metering Credit:</b>	See Rider CMC
<b>X. Other Charges or Credits:</b>	
A. Municipal Account Franchise Credit (see application and explanation below)	\$(.002207) per kWh
B. Rate Case Expenses Surcharge	See Rider RCE
C. Rider UCOS Retail Credit	See Rider RURC
D. Advanced Metering System Surcharge	See Rider AMS
E. Energy Efficiency Cost Recovery Factor	See Rider EECRF
F. Accumulated Deferred Federal Income Tax Credit	See Rider ADFITC

## COMPANY SPECIFIC APPLICATIONS

### DETERMINATION OF BILLING DEMAND FOR TRANSMISSION SYSTEM CHARGES

Determination of NCP kVA The NCP kVA applicable under the Monthly Rate section shall be the kVA supplied during the 15 minute period of maximum use during the billing month.

Determination of 4 CP kVA The 4 CP kVA applicable under the Monthly Rate section shall be the average of the Retail Customer's integrated 15 minute demands at the time of the monthly ERCOT system 15 minute peak demand for the months of June, July, August and September of the previous

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calendar year. The Retail Customer's average 4CP demand will be updated effective on January 1 of each calendar year and remain fixed throughout the calendar year. Retail Customers without previous history on which to determine their 4 CP kVA will be billed at the applicable NCP rate under the "Transmission System Charge" using the Retail Customer's NCP kVA.

#### DETERMINATION OF BILLING DEMAND FOR DISTRIBUTION SYSTEM CHARGES

Determination of Billing kVA The Billing kVA applicable to the Distribution System Charge shall be the higher of the NCP kVA for the current billing month or 80% of the highest monthly NCP kVA established in the 11 months preceding the current billing month (80% ratchet). The 80% ratchet shall not apply to seasonal agricultural Retail Customers.

#### OTHER PROVISIONS

Secondary Service Greater Than 10 kVA. This Rate Schedule is applicable only to Retail Customers whose peak demand for the current month is greater than 10 kVA, as measured in the fifteen minute period of highest demand, or whose peak demand exceeded 10 kVA in any of the previous eleven months, and that otherwise qualify under this Rate. This Rate Schedule is applicable to Delivery Service provided for Electric Power and Energy supplied by Retail Customer's REP for Temporary service subject to provisions of Section 6.1.2.2, Construction Services. The Electric Power and Energy delivered may not be re-metered or sub-metered by the Retail Customer for resale except pursuant to lawful sub-metering regulations of Applicable Legal Authorities. Retail Customer's previous metered usage under this or any other Rate Schedule will be used, as needed, in determining the billing determinants under the Monthly Rate section.

Subclass Exception. The Subclass Exception is applicable only to Retail Customers who otherwise qualify for the Secondary Service Greater Than 10 kVA rate schedule and either: (1) whose highest NCP kVa for the most recent 12 months is equal to or less than 50 kVA; or (2) whose highest NCP kVa for the most recent 12 months is greater than 50 kVA but less than or equal to 400 kVA and whose load factor was less than or equal to 10% for each of the most recent 12 months. The most recent 12 months ends with and includes the current month. The monthly load factor is determined as follows:

$$\text{load factor} = \text{billing kWh for the month} / (\text{NCP kVA} \times \text{number of days in billing period} \times 24)$$

Service Voltages. Company's standard service voltages are described in 6.2.2, Standard Voltages and in the Company's Service Standards.

Municipal Account Franchise Credit. A credit equal to the amount of franchise fees included in the Transmission and Distribution Charges will be applied to municipal accounts receiving service within the incorporated limits of such municipality which imposes a municipal franchise fee upon the

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Company based on the kWh delivered within that municipality and who have signed an appropriate Franchise Agreement.

Adjustment To The Charges Applied To Retail Customer's Demand Measurement If data to determine the Retail Customer's *Demand Measurement* becomes no longer available, the Company will determine a *Conversion Factor* which will be used as an adjustment to all per unit charges that will then be applied to the *New Demand Measurement*. *Demand Measurement* shall include the Billing kVA, the 4 CP kVA, NCP kVA or any other demand measurement required for billing under this Rate Schedule or any applicable rider(s) or any other applicable schedule(s). *New Demand Measurement* shall be the billing determinants which replace the *Demand Measurement*. The *Conversion Factor* will apply to unit prices per kVA such that when applied to the *New Demand Measurement*, the revenue derived by the Company under demand based charges shall be unaffected by such lack of data.

This adjustment may become necessary because of changes in metering capabilities, such as, Meters that record and /or measure kW with no ability to determine kVA or Meters which meter data in intervals other than 15 minutes. This adjustment also may become necessary due to changes in rules, laws, procedures or other directives which might dictate or recommend that Electric Power and Energy, electric power related transactions, wire charges, nonbypassable charges and/or other transactions measure demand in a way that is inconsistent with the definitions and procedures stated in the Company's Tariff. This adjustment is applicable not only in the instances enumerated above but also for any and all other changes in *Demand Measurement* which would prevent the Company from obtaining the necessary data to determine the kVA quantities defined in this Rate Schedule, applicable Riders and other applicable schedules.

The Conversion Factor shall render the Company revenue neutral to any change in *Demand Measurement* as described above.

#### **NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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**6.1.1.1.4 PRIMARY SERVICE****AVAILABILITY**

This schedule is applicable to Delivery Service for non-residential purposes at primary voltage when such Delivery Service is to one Point of Delivery and measured through one Meter.

**TYPE OF SERVICE**

Delivery Service will be single or three-phase, 60 hertz, at a standard primary voltage. Delivery Service will be metered using Company's standard Meter provided for this type of Delivery Service. Any Meter other than the standard Meter will be provided at an additional charge and/or will be provided by a Meter Owner other than the Company pursuant to Applicable Legal Authorities. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2, Construction Services, of this Tariff.

**MONTHLY RATE****I. Transmission and Distribution Charges:**

	Standard Class	Subclass Exception	
Customer Charge	\$72.08	\$0.00	per Retail Customer per Month
Metering Charge			
Non-IDR Metered	\$31.66	\$16.97	per Retail Customer per Month
IDR Metered	\$116.17	\$116.17	per Retail Customer per Month
Transmission System Charge			
Non-IDR Metered	\$1.514	\$1.514	per NCP kVA
IDR Metered	\$1.503	\$1.503	per 4CP kVA
Distribution System Charge	\$2.919265	\$2.919265	per Billing kVA

The following charges are applicable to both the Standard Class and the Subclass Exception.

<b>II. System Benefit Fund:</b>	See Rider SBF
<b>III. Transition Charge:</b>	See Schedules TC, TC2, TC3 and SRC
<b>IV. Nuclear Decommissioning Charge:</b>	See Rider NDC
<b>V. Transmission Cost Recovery Factor:</b>	See Rider TCRF
<b>VI. Excess Mitigation Credit:</b>	Not Applicable

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<b>VII. State Colleges and Universities Discount:</b>		See Rider SCUD
<b>VIII. Competition Transition Charge:</b>		See Rider CTC
<b>IX. Competitive Metering Credit:</b>		See Rider CMC
<b>X. Other Charges or Credits:</b>		
A. Municipal Account Franchise Credit (see application and explanation below)	\$(.002080)	per kWh
B. Rate Case Expenses Surcharge		See Rider RCE
C. Rider UCOS Retail Credit		See Rider RURC
D. Advanced Metering System Surcharge		See Rider AMS
E. Energy Efficiency Cost Recovery Factor		See Rider EECRF
F. Accumulated Deferred Federal Income Tax Credit		See Rider ADFITC

## COMPANY SPECIFIC APPLICATIONS

### DETERMINATION OF BILLING DEMAND FOR TRANSMISSION SYSTEM CHARGES

Determination of NCP kVA The NCP kVA applicable under the Monthly Rate section shall be the kVA supplied during the 15 minute period of maximum use during the billing month.

Determination of 4 CP kVA The 4 CP kVA applicable under the Monthly Rate section shall be the average of the Retail Customer's integrated 15 minute demands at the time of the monthly ERCOT system 15 minute peak demand for the months of June, July, August and September of the previous calendar year. The Retail Customer's average 4CP demand will be updated effective on January 1 of each calendar year and remain fixed throughout the calendar year. Retail Customers without previous history on which to determine their 4 CP kVA will be billed at the applicable NCP rate under the "Transmission System Charge" using the Retail Customer's NCP kVA.

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DETERMINATION OF BILLING DEMAND FOR DISTRIBUTION SYSTEM CHARGES

Determination of Billing kVA The Billing kVA applicable to the Distribution System Charge shall be the higher of the NCP kVA for the current billing month or 80% of the highest monthly NCP kVA established in the 11 months preceding the current billing month (80% ratchet). The 80% ratchet shall not apply to seasonal agricultural Retail Customers.

OTHER PROVISIONS

Primary Service This rate schedule is applicable only to Retail Customers taking service directly from feeder lines of at least 12,470 volts but less than 60,000 volts. This rate schedule is applicable to Delivery Service provided for Electric Power and Energy supplied by Retail Customer's REP for Temporary service subject to the provisions of Section 6.1.2.2, Construction Services in this Tariff. The Electric Power and Energy delivered may not be re-metered or sub-metered by the Retail Customer for resale except pursuant to lawful sub-metering regulations of Applicable Legal Authorities. Retail Customer's previous metered usage under this or any other Rate Schedule will be used, as needed, in determining the billing determinants under the Monthly Rate section.

Subclass Exception. The Subclass Exception is applicable only to Retail Customers who otherwise qualify for the Primary Service Rate Schedule and either: (1) whose highest NCP kVA for the most recent 12 months is greater than 10 kVA but less than or equal to 50 kVA; or (2) whose highest NCP kVA for the most recent 12 months is greater than 50 kVA but less than or equal to 400 kVA and whose Load Factor was less than or equal to 10% for each of the most recent 12 months. The most recent 12 months ends with and includes the current month. The monthly Load Factor is determined as follows:

*Load Factor = billing kWh for the month / (NCP kVA X number of days in billing period X 24)*

Service Voltages Company's standard service voltages are described in 6.2.2, Standard Voltages and in the Company's Service Standards.

Municipal Account Franchise Credit A credit equal to the amount of franchise fees included in the Transmission and Distribution Charges will be applied to municipal accounts receiving service within the incorporated limits of such municipality which imposes a municipal franchise fee upon the Company based on the kWh delivered within that municipality and who have signed an appropriate Franchise Agreement.

Adjustment To The Charges Applied To Retail Customer's Demand Measurement If data to determine the Retail Customer's *Demand Measurement* becomes no longer available, the Company will determine a *Conversion Factor* which will be used as an adjustment to all per unit charges that will then be applied to the *New Demand Measurement*. *Demand Measurement* shall include the Billing kVA, the 4 CP kVA, NCP kVA or any other demand measurement required for billing under this Rate Schedule or any applicable Rider(s) or any other applicable schedule(s). *New Demand Measurement* shall be the billing determinants which replace the *Demand Measurement*. The *Conversion Factor* will apply to unit prices per kVA such that when applied to the *New Demand*

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*Measurement*, the revenue derived by the Company under demand based charges shall be unaffected by such lack of data.

This adjustment may become necessary because of changes in metering capabilities, such as, Meters that record and /or measure kW with no ability to determine kVA or Meters which meter data in intervals other than 15 minutes. This adjustment also may become necessary due to changes in rules, laws, procedures or other directives which might dictate or recommend that Electric Power and Energy, electric power related transactions, wire charges, nonbypassable charges and/or other transactions measure demand in a way that is inconsistent with the definitions and procedures stated in the Company's Tariff. This adjustment is applicable not only in the instances enumerated above but also for any and all other changes in *Demand Measurement* which would prevent the Company from obtaining the necessary data to determine the kVA quantities defined in this Rate Schedule, applicable Riders and other applicable schedules.

The Conversion Factor shall render the Company revenue neutral to any change in *Demand Measurement* as described above.

Metering Adjustment The Company may at its option measure service on the secondary side of the Retail Customer's transformers in which event the kVA and kWh recorded by the Billing Meter will be adjusted to compensate for transformer losses as follows: (1) where the Retail Customer's installed substation capacity is 600 kVA or less, the kVA will be increased by 2% and the kWh will be increased by 3%; or (2) where the Retail Customer's installed substation capacity is in excess of 600 kVA, the kVA and kWh will be increased by proper respective adjustments based upon data furnished by the manufacturer. In the event the manufacturer is unable to supply the necessary data, the adjustment will be based on tests conducted on the Retail Customer's transformers by the Company.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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### 6.1.1.1.5 TRANSMISSION SERVICE

#### AVAILABILITY

This schedule is applicable to Delivery Service for non-residential purposes at transmission voltage when such Delivery Service is to one Point of Delivery and measured through one Meter.

#### TYPE OF SERVICE

Delivery Service will be three-phase, 60 hertz, at a standard transmission voltage. Delivery Service will be metered using Company's standard meter provided for this type of Delivery Service. Any meter other than the standard meter will be provided at an additional charge and/or will be provided by a Meter Owner other than the Company pursuant to Applicable Legal Authorities. Where Delivery Service of the type desired is not available at the Point of Delivery, additional charges and special contract arrangements may be required prior to Delivery Service being furnished, pursuant to Section 6.1.2.2, Construction Services, of this Tariff.

#### MONTHLY RATE

##### I. Transmission and Distribution Charges:

Customer Charge	\$1002.61	Per Retail Customer per month
Metering Charge	\$119.56	Per Retail Customer per month
Transmission System Charge	\$1.476	Per 4 CP kVA
Distribution System Charge	\$0.300635	Per 4 CP kVA

##### II. System Benefit Fund Charge:

See Rider SBF

##### III. Transition Charge:

See Schedules TC, TC2, and TC3

##### IV. Nuclear Decommissioning Charge:

See Rider NDC

##### V. Transmission Cost Recovery Factor:

See Rider TCRF

##### VI. Excess Mitigation Credit:

Not Applicable

##### VII. State Colleges and Universities Discount:

See Rider SCUD

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<b>VIII. Competition Transition Charge:</b>		See Rider CTC
<b>IX. Competitive Metering Credit:</b>		See Rider CMC
<b>X. Other Charges or Credits:</b>		
A. Municipal Account Franchise Credit (see application and explanation below)	\$(.000200)	Per kWh
B. Rate Case Expenses Surcharge		See Rider RCE
C. Rider UCOS Retail Credit		See Rider RURC
D. Energy Efficiency Cost Recovery Factor		See Rider EECRF

## COMPANY SPECIFIC APPLICATIONS

### DETERMINATION OF BILLING DEMAND FOR TRANSMISSION SYSTEM CHARGES AND DISTRIBUTION SYSTEM CHARGES

Determination Of 4 CP kVA. The 4 CP kVA applicable under the Monthly Rate section shall be the average of the Retail Customer's integrated 15 minute demands at the time of the monthly ERCOT system 15-minute peak demand for the months of June, July, August and September of the previous calendar year. Retail Customers without previous history on which to determine their 4 CP kVA will be billed based on estimated 4 CP kVA in accordance with the following procedures:

- (a) Retail Customers having IDR data for fewer than 4 CP kVA, but at least 2 CP kVA, will be billed based on the average of the actual CP kVA, so long as the CP kVA are representative of the Retail Customer's expected load, as derived from engineering estimates. If the CP kVA are not representative of the expected load, the estimated 4 CP kVA will be set based on mutual agreement between the Retail Customer and the Company.
- (b) Retail Customers that do not have at least 2 CP kVA will be billed by estimating the Retail Customer's 4 CP kVA demand by applying a class coincidence factor to the Retail Customer's NCP kVA, using the formula:

Estimated 4 CP kVA = (NCP kVA \* TCCF) where:

NCP kVA is the highest 15-minute integrated demand of an individual Retail Customer served at transmission voltage during the month; and

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TCCF is the transmission class coincidence factor for the months June, July, August, and September calculated from the Company's most recent general rate case proceeding using the following formula:

$$\text{TCCF} = \frac{\sum \text{Class CP kVA for June, July, August, September}}{\sum \text{Class NCP kVA for June, July, August, September}} = 0.581638$$

Where:

Class CP kVA is the transmission voltage rate class' 15-minute demand at the time of the ERCOT CP and Class NCP kVA is the transmission voltage class' maximum 15-minute demand during a month.

### OTHER PROVISIONS

Transmission Service The Retail Customer owns, operates, and maintains all facilities (except Company owned Billing Meter) necessary to receive three-phase, 60 hertz alternating current service at 60,000 volts or higher. The energy delivered may not be re-metered or sub-metered by the Retail Customer for resale or sharing except pursuant to lawful sub-metering regulations of a regulatory authority with jurisdiction. If Retail customer has electric generating capacity installed, additional contract arrangements will be required. Retail Customer's previous metered usage under this or any other rate schedule will be used, as needed, in determining the billing determinants under the Monthly Rate section.

Each Retail Customer served at Transmission Voltage shall comply with Company's operating requirements for transmission customers.

Service Voltages Company's standard service voltages are described in 6.2.2, Standard Voltages and the Company's Service Standards.

Municipal Account Franchise Credit A credit equal to the amount of franchise fees included in the Transmission and Distribution Charges will be applied to municipal accounts receiving service within the incorporated limits of such municipality which imposes a municipal franchise fee upon the Company based on the kWh delivered within that municipality and who have signed an appropriate Franchise Agreement.

Adjustment To The Charges Applied To Retail Customer's Demand Measurement If data to determine the Retail Customer's *Demand Measurement* becomes no longer available, the Company will determine a *Conversion Factor* which will be used as an adjustment to all per unit charges that will then be applied to the *New Demand Measurement*. *Demand Measurement* shall include the Billing kVA, the 4 CP kVA, NCP kVA or any other demand measurement required for billing under this rate schedule or any applicable rider(s) or any other applicable schedule(s). *New Demand Measurement* shall be the billing determinants which replace the *Demand Measurement*. The *Conversion Factor* will apply to unit prices per

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kVA such that when applied to the *New Demand Measurement*, the revenue derived by the Company under demand based charges shall be unaffected by such lack of data.

This adjustment may become necessary because of changes in metering capabilities, such as, meters that record and /or measure kW with no ability to determine kVA or meters which meter data in intervals other than 15 minutes. This adjustment also may become necessary due to changes in rules, laws, procedures or other directives which might dictate or recommend that electric power, electric power related transactions, wire charges, nonbypassable charges and/or other transactions measure demand in a way that is inconsistent with the definitions and procedures stated in the Company's Tariff. This adjustment is applicable not only in the instances enumerated above but also for any and all other changes in *Demand Measurement* which would prevent the Company from obtaining the necessary data to determine the kVA quantities defined in this rate schedule, applicable riders and other applicable schedules.

The Conversion Factor shall render the Company revenue neutral to any change in *Demand Measurement* as described above.

Metering Provisions The Company may install remote metering equipment to obtain information with which to determine the amount of the monthly bill. Retail Customer may have metering instruments installed to check the service supplied under this schedule in accordance with the provisions of the Tariff.

The Company may at its option measure service on the low voltage side of the Retail Customer's transformers in which event the kVA and kWh recorded by the Billing Meter will be adjusted to compensate for transformer losses on the basis of data furnished by the manufacturer of the Retail Customer's transformers. When the manufacturer is unable to supply the necessary data the adjustment will be based on tests conducted by the Company on the Retail Customer's transformers.

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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#### **6.1.1.1.6 LIGHTING SERVICES**

(Street Lighting and Miscellaneous Lighting Services)

#### **STREET LIGHTING SERVICE**

##### **AVAILABILITY**

Street lighting service is available in areas designated by CenterPoint Energy Houston Electric, LLC (CEHE or Company) where facilities of adequate capacity and suitable voltage are adjacent to the street lighting fixtures and ornamental standards (if any) to be served. The standard street lighting service provided by the Company is installed along public streets, roadways or other public access areas in accordance with Section 6.1.2.2, Construction Services, in this Tariff. Company will only provide for the delivery of electric power and energy, the street lighting fixtures and ornamental standards (if any), and maintenance. Retail Customer's electric power and energy must be provided by the Retail Customer's REP in accordance with Applicable Legal Authorities and the Company's Tariff.

##### **TYPE OF SERVICE**

Street lights under this rate schedule will be served at various voltages as determined by the Company. This rate schedule is applicable to the requirements of cities, governmental agencies, real estate developers and other groups requesting street lighting service, herein referred to as Retail Customer. Street lighting service includes the provision of street lighting fixtures and ornamental standards (if any), as well as the provision of Delivery Service for electric power and energy provided by the Retail Customer's REP and required for the lighting service. Delivery Service under this rate schedule will be un-metered.

Company will install, own and maintain the installation served hereunder. Company's street lighting service is built to NESC standards. At the request of Customer and at Company's discretion, Company may build to other standards, with Customer being responsible for any difference in cost. Company will replace burned out lamps and/or make maintenance repairs during regular working hours at its own cost and expense and will normally have the lighting service restored within 48 hours after notification by the Retail Customer, but with no adjustment of payments hereunder due to outage. Street lighting fixtures furnished hereunder shall operate under normal conditions from approximately thirty minutes after sunset to approximately thirty minutes before sunrise every night in the year and the total time of operations will be approximately four thousand (4,000) hours each year for each light furnished.

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**MONTHLY RATE**

**I. Transmission and Distribution Charges**

In addition to the T&D Charge per lamp for various configurations in the table below, an additional \$1.08 per month will be charged for all lamps with a break-away base.

Lamp Type Initial Lumen	Watt (Bulb Only)	Schedule A*	Schedule B*	Schedule C*	Schedule D*	Schedule E*	Monthly KWH
<b>Mercury Vapor</b>							
58,000 Lumen	1,000	\$7.990040	\$20.804890	\$14.118881	\$23.458518	\$15.620400	365
22,600 Lumen	400	\$4.661555	\$16.078765	\$10.563752	\$19.903388	\$11.904731	150
7,800 Lumen	175	\$3.294158	N.A.	N.A.	\$16.014573	\$9.422999	69
4,200 Lumen	100	\$3.209827	N.A.	N.A.	\$12.426698	N.A.	41
<b>High Pressure Sodium Vapor</b>							
50,000 Lumen (Set Back)	400	\$14.335256	N.A.	N.A.	\$24.345382	\$21.465110	160
50,000 Lumen	400	\$7.994880	\$20.809730	\$14.123721	\$23.463357	\$15.625240	160
28,000 Lumen (Set Back)	250	\$14.561900	N.A.	N.A.	\$24.345382	\$21.465110	106
28,000 Lumen	250	\$4.662594	\$16.079803	\$10.564791	\$19.904427	\$11.905770	106
15,000 Lumen	150	\$3.294418	\$14.673853	\$9.753782	\$16.014833	\$9.423259	58
9,500 Lumen	100	\$3.294890	N.A.	N.A.	\$13.021710	\$8.044978	38
6,000 Lumen	70	\$3.238441	N.A.	N.A.	\$12.011467	N.A.	29
<b>Metal Halide</b>							
32,200 Lumen	400	\$9.562527	N.A.	N.A.	\$24.124427	\$16.805703	159
19,475 Lumen	250	\$9.365700	N.A.	N.A.	\$23.937044	\$16.618320	96
12,900 Lumen	175	\$9.975469	N.A.	N.A.	\$23.706339	\$17.223366	70
7,900 Lumen	100	\$10.585236	N.A.	N.A.	\$23.475634	\$17.828412	40

**\* DESCRIPTION OF LIGHTING CONFIGURATIONS**

Schedule A -one or more lamps mounted on existing distribution poles and served by overhead conductors.

Schedule B -single lamp mounted on ornamental standard and served by overhead conductors. Limited to existing installations.

Schedule C -twin lamps mounted on ornamental standard and served by overhead conductors. Limited to existing installations.

Schedule D -single lamp mounted on ornamental standard and served by underground conductors, or decorative residential streetlights.

Schedule E -twin lamps mounted on ornamental standard and served by underground conductors.

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<b>II. System Benefit Fund Charge:</b>	See Rider SBF
<b>III. Transition Charge:</b>	See Schedules TC, TC2, TC3 and SRC
<b>IV. Nuclear Decommissioning Charge:</b>	See Rider NDC
<b>V. Transmission Cost Recovery Factor:</b>	See Rider TCRF
<b>VI. Excess Mitigation Credit:</b>	Not Applicable
<b>VII. State Colleges and Universities Discount:</b>	See Rider SCUD
<b>VIII. Competition Transition Charge:</b>	See Rider CTC
<b>IX. Other Charges or Credits:</b>	
A. Rate Case Expenses Surcharge	See Rider RCE
B. Rider UCOS Retail Credit	See Rider RURC
C. Energy Efficiency Cost Recovery Factor	See Rider EECRF
D. Accumulated Deferred Federal Income Tax Credit	See Rider ADFITC

#### **OTHER PROVISION**

Additional mercury vapor lighting is no longer being installed. Existing mercury vapor installations will be converted to sodium vapor installations from time to time during the normal course of maintenance when individual lamps burn out. Mercury vapor installations with 4,200, 7,800, 22,600 and 58,000 lumen lamps will be converted to 9,500, 15,000, 28,000 and 50,000 lumen high pressure sodium lamps, respectively, when individual lamps burn out, at no up front cost to the Retail Customer.

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### **MISCELLANEOUS LIGHTING SERVICE**

#### **AVAILABILITY**

Miscellaneous Lighting Service is available in areas designated by Company with suitable locations and where facilities of adequate capacity and suitable voltage are adjacent to the lighting fixture(s) to be served. All new fixtures must be owned by the Retail Customer or the Retail Customer's REP ("Customer Owned Installation" or "Customer Owned Fixture") and will be installed in accordance with this rate schedule and 6.1.2.2- Construction Services, Section 8 in the Company's Tariff. Existing Company owned fixtures will continue to be owned and maintained by the Company ("Company Owned Installation" or "Company Owned Fixture"). CenterPoint Energy Houston Electric, LLC will only provide for the delivery of electric power and energy, the installation of fixtures, and the maintenance of fixtures, as described herein. Retail Customer's electric power and energy must be provided by the Retail Customer's REP in accordance with Applicable Legal Authorities and the Company's Tariff.

#### **TYPE OF SERVICE**

The lighting fixtures served under this rate schedule will be served at standard secondary voltages as determined by Company. This tariff is applicable to any Retail Customer receiving un-metered service for one or more Company approved lighting fixtures which operate automatically every night from dusk to dawn and can be either: (1.) a Customer Owned Fixture or (2.) a Company Owned Fixture. The Company will install, make electrical connection(s), and maintain the lighting fixture(s).

Charges for services shall commence on the date that the electrical connection is made.

#### **MONTHLY RATE**

##### **I. Transmission and Distribution Charges**

- A. Only the T&D Charge below is applicable to Customer Owned Installations.
- B. The T&D Charge and the Fixture Charge below are applicable to Company Owned Installations. In addition to the T&D Charge and the Fixture Charge for each lamp type in the table below, an additional charge of \$2.97 per month is charged for a span of secondary which was installed exclusively for Miscellaneous Lighting Service and Retail Customer did not reimburse Company for construction cost (applies only to installations existing as of 1-1-2002).

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<u>TYPE OF LAMP</u>	<u>T&amp;D CHARGE</u>	<u>LUMEN RATING</u>	<u>TOTAL WATTAGE</u>	<u>FIXTURE CHARGE<sup>1</sup></u>	<u>MONTHLY KWH</u>
<u>Floodlighting/Directional Lighting</u>					
High Pressure Sodium (150 watts)	\$4.757994	15,000	185	\$ 3.82	61
High Pressure Sodium (250 watts)	\$4.756955	28,000	315	\$ 5.51	105
High Pressure Sodium (400 watts)	\$4.755704	50,000	475	\$ 7.28	158
High Pressure Sodium (1,000 watts)	\$4.750769	140,000	1,100	N/A	367
Metal Halide (175 watts)	\$4.757781	12,900	210	N/A	70
Metal Halide (250 watts)	\$4.757121	19,475	294	N/A	98
Metal Halide (400 watts)	\$4.756680	32,200	476	N/A	159
Metal Halide (1,000 watts)	\$4.750769	104,500	1,100	N/A	367
<u>Roadway/General Lighting</u>					
High Pressure Sodium (150 watts)	\$4.757994	15,000	185	\$ 2.70	61
<u>Guard Lighting</u>					
High Pressure Sodium (100 watts)	\$4.758490	9,500	120	\$ 0.93	40
Mercury Vapor (no new installations)	\$4.757734	7,800	215	\$ 0.25	72

<sup>1</sup> Applies only to Company Owned Fixtures that are Company-owned and installed prior to September 1, 2000.

- II. System Benefit Fund Charge:** See Rider SBF
- III. Transition Charge:** See Schedules TC, TC2, TC3 and SRC
- IV. Nuclear Decommissioning Charge:** See Rider NDC
- V. Transmission Cost Recovery Factor:** See Rider TCRF
- VI. Excess Mitigation Credit:** Not Applicable

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- |   |                     |
|---|---------------------|
| <b>VII. State Colleges and Universities Discount:</b>                         | See Rider SCUD      |
| <b>VIII. Competition Transition Charge:</b>                                   | See Rider CTC       |
| <b>IX. Other Charges or Credits:</b>  |                     |
| A. Municipal Account Franchise Credit (see application and explanation below) | \$(.001874) Per kWh |
| B. Rate Case Expenses Surcharge   | See Rider RCE       |
| C. Rider UCOS Retail Credit   | See Rider RURC      |
| D. Energy Efficiency Cost Recovery Factor                                     | See Rider EECRF     |
| E. Accumulated Deferred Federal Income Tax Credit                             | See Rider ADFITC    |

**OTHER PROVISION**

Additional mercury vapor lighting is no longer being installed. Existing mercury vapor installations will be converted to sodium vapor installations from time to time during the normal course of maintenance when individual lamps burn out. Mercury vapor Guard Lighting installations with 7,800 lumen lamps will be converted to 9,500 lumen high pressure sodium, at no up front cost to the Retail Customer.

**INSTALLATION AND MAINTENANCE FOR CUSTOMER OWNED FIXTURES**

Company will install and maintain the lighting fixture(s) served hereunder. For all installations except Guard Lights, the Company will provide for each fixture the bulb and the photoelectric relay at the time of installation. Company will replace burned out lamps and make other maintenance repairs during Company's regular working hours at Company's expense, but with no adjustment of payments hereunder due to outage. Maintenance includes replacement of burned-out lamps (bulbs) and malfunctioning photoelectric relays. Damages due to vandalism, storms, accidents or manufacturing defects are not included under maintenance. Normally, Company will make maintenance repairs under this tariff within 72 hours after notification by the Retail Customer or REP.

The Retail Customer will be charged a one-time fee per lighting fixture to cover the Company's standard installation as detailed below. Standard installation consists of installing the lighting fixture on an existing wooden distribution pole and connecting

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service supplied from an existing or new overhead secondary conductor on the pole as detailed below. Standard installations are made during normal Company business hours. The charges below include both the labor to install and eventually remove fixtures. Any additional construction and/or cost required to provide service will be at the Retail Customer's expense, for an additional charge. Any additional facilities so required will be owned, installed and maintained by the Company.

Retail Customer or REP must purchase/ provide all lighting fixtures. Only un-metered lighting fixtures meeting Company Service Standards and specifications will be allowed under this tariff. The Retail Customer or REP will own the lighting fixture.

<b>CUSTOMER OWNED FIXTURES STANDARD INSTALLATION FEES</b>	<b>One Light per Pole</b>	<b>Two Lights per Pole</b>	<b>Three Lights per Pole</b>
<b>High Pressure Sodium</b>			
Installations without secondary			
150w, 250w, 400w	\$325	\$350	\$405
1000w	\$370	\$450	\$550
Installations with 150 feet of secondary			
150w, 250w, 400w	\$425	\$450	\$505
1000w	\$470	\$550	\$655
<b>Metal Halide</b>			
Installations without secondary			
175w, 250w, 400w	\$330	\$365	\$430
1000w	\$370	\$450	\$550
Installations with 150 feet of secondary			
175w, 250w, 400w	\$430	\$470	\$530
1000w	\$470	\$550	\$655
<b>Guard Light</b>			
Installations without secondary			
100w HPS	\$325	N/A	N/A
Installations with secondary			
100w HPS	\$365	N/A	N/A
<b>Roadway Light</b>			
Installations without secondary			
150w HPS	\$335	N/A	N/A
Installations with secondary			
150w HPS	\$375	N/A	N/A

### **INSTALLATION AND MAINTENANCE FOR COMPANY OWNED FIXTURES**

Company Owned Fixtures were installed by the Company before September 1, 2000. Company will replace burned out lamps and make other maintenance repairs during Company's regular working hours at Company's expense, but with no adjustment of payments hereunder due to outage. Maintenance includes replacement of burned-out lamps (bulbs) and malfunctioning photoelectric relays, and damages due to vandalism,

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storms, accidents or manufacturing defects. Normally, Company will make maintenance repairs under this tariff within 72 hours after notification by the Retail Customer or REP.

### **EXTRAORDINARY MAINTENANCE ACTIVITIES**

For Customer Owned Fixtures, Company will charge Retail Customer an additional fee as detailed below for each occurrence of the extraordinary maintenance activities listed hereunder.

<b>CUSTOMER OWNED FIXTURES EXTRAORDINARY MAINTENANCE FEE</b>	
<b>ACTIVITY</b>	<b>FEE</b>
(1) Replace a vandalized shield (parts and labor)	\$125.00
(2) Make adjustments to the fixture (labor only)	\$125.00
(3) Replace a fixture (labor only)	\$125.00
(4) Relocate a fixture (labor only)	See Section 6.1.2.2, Construction Services

### **NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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**6.1.1.2 SCHEDULE TC****6.1.1.2.1 SCHEDULE TC – TRANSITION CHARGES****SECTION 1: APPLICABILITY**

This schedule sets out the rates and terms and conditions under which Transition Charges will be billed and collected by CenterPoint Energy Houston Electric, LLC (Company), any successor servicer(s) and any retail electric providers (REP) or collection agents billing or collecting Transition Charges on behalf of CenterPoint Energy Transition Bond Company, LLC (SPE). The Transition Charges were authorized by the Financing Order approved by the Public Utility Commission of Texas (Commission) in Docket No. 21665 on May 31, 2000 (Financing Order). Pursuant to terms of the Financing Order and the requirements of Section 39.301 *et seq.* of the Texas Utilities Code, all of the Company's rights under the Financing Order, including the right to bill and collect Transition Charges and to adjust Transition Charges pursuant to this Schedule TC, were transferred to the SPE in connection with the issuance of transition bonds. The rights transferred to the SPE are "transition property" of the SPE (as defined in Section 39.304 of the Utilities Code). On the effective date of this Schedule TC, the Company will act as servicer on behalf of the SPE to bill, collect, receive and adjust Transition Charges imposed pursuant to this Schedule TC. However, the SPE may select another party to serve as servicer or the Company may resign as servicer in accordance with terms of the Servicing Agreement and the Financing Order. A successor servicer selected under these conditions will assume the obligations of the Company as servicer under this schedule. As used in this schedule, the term "Servicer" includes any successor servicer. All actions by the Company under this Schedule TC, including collection of Transition Charges, will be undertaken solely in its role as servicer under the Servicing Agreement between the Company and the SPE dated October 24, 2001.

This schedule is applicable to:

1. Retail customers located within the Company's certificated service area as it existed on May 1, 1999 who receive electric transmission and/or distribution service either directly from the Company or through a REP served by the Company and to the facilities, premises and loads of such retail customers;
2. Retail customers located within the Company's certificated service area as it existed on May 1, 1999 who are presently receiving transmission and/or distribution service from another utility, electric cooperative or municipally owned utility (T or D Provider), and whose request to change service to the other T or D Provider was made after May 1, 1999;
3. Retail customers located within the Company's certificated service area as it existed on May 1, 1999 and who are served by New On-Site Generation. New

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On-Site Generation means “New On-Site Generation” as defined in Section 25.345 (c) (1) of the Commission’s Substantive Rules.

4. REPs that serve retail customers located within the Company’s certificated service area as it existed on May 1, 1999.
5. Any other entity which, under the terms of the Financing Order or the Utilities Code, may be obligated to pay, bill, collect, or adjust the Transition Charges.
6. Effective January 1, 2002, this schedule will also become applicable to public retail customers located within the Company’s certificated service area as it existed on May 1, 1999 who purchase power from the General Land Office as provided for in the Utilities Code, Section 35.102.

“Retail customers”, as used in 1, 2, and 3 above, includes all “public retail customers” as defined in Utilities Code, Section 35.101 except for those public retail customers included in 6 above.

## **SECTION 2: CHARACTER OF TRANSITION CHARGES**

Transition Charges are non-bypassable charges. All Transition Charges other than those applicable to New On-Site Generation are computed and paid on the basis of individual end-use retail customer consumption or demand. In accordance with Utilities Code Section 39.252 (b) and Section 25.345 (i) (3) of the Commission's Substantive Rules, the Transition Charges applicable to use of New On-Site Generation that results in a "material reduction" of the customer's use of energy delivered through the Company's transmission and distribution facilities (as defined in Section 25.345 (i) (4) of the Commission's Substantive Rules) are computed and paid based on the output of the on-site generation used to meet the internal electric requirements of the customer. Customers with New On-Site Generation will also be required to pay the Transition Charges applicable to energy actually delivered to the Customer through the Company’s facilities. Individual end-use retail customers are responsible for paying Transition Charges billed to them in accordance with the terms of this Schedule TC whether the charges are billed directly by Servicer or are included in the bills submitted to the customer by an REP or another entity. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order. The billing entity may be the Company, a successor servicer, an REP or an entity designated to collect Transition Charges in place of the REP.

Prior to January 1, 2002, the Transition Charges for retail customers served directly by the Company are included in the otherwise applicable Company rates under which the customer takes service and will not increase the total amounts paid by retail customers. Prior to and after January 1, 2002, the Transition Charges to retail customers who are not served directly by the Company (including retail customers who take service from REPs after the beginning of customer choice and participants in a Customer Choice Pilot Project as provided in Utilities

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Code Section 39.104) but whose facilities, premises, and loads are subject to Transition Charges billed and collected pursuant to this Schedule TC, are separate charges to be paid in addition to any other applicable charges for services received. After January 1, 2002, although the Transition Charges are separate charges, they may be included within other charges of the billing entity.

The REP or entity designated to collect Transition Charges in place of the REP will pay Transition Charges (less an allowance for charge-offs calculated pursuant to this Schedule TC) to Servicer in accordance with the requirements of the Financing Order and this Schedule TC whether or not it has collected the Transition Charges from its customers. To the extent that the REP's actual charge-offs differ from the charge-off allowance, adjustments will be made pursuant to this Schedule TC. The REP will have no right to reimbursement other than as expressly set out in this Schedule TC.

Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

### **SECTION 3: TERM**

This Schedule TC is effective beginning on the date the transition bonds are issued. Schedule TC will remain in effect as provided in the Financing Order until the Transition Charges collected and remitted to the SPE are sufficient to satisfy all obligations of the SPE to pay principal and interest on the transition bonds (as due over the 12 year term of the transition bonds) and to pay all other qualified costs as provided in the Financing Order. However, in no event will the Transition Charges be billed for service provided after 15 years from issuance of the transition bonds, or sooner if the transition bonds are paid in full at an earlier date. This Schedule TC is irrevocable.

### **SECTION 4: TRANSITION CHARGE CLASSES**

Transition Charges are calculated and applied by Transition Charge Class. There are 15 Transition Charge Classes, nine of which are Capped Classes. The Transition Charge Classes are defined as follows:

**Residential Class:** The Residential Class is made up of (i) every customer that is served under Company rate schedule RS or RTD, and (ii) every customer that was served under Company rate schedule RS or RTD on the day before the customer discontinued taking service from the Company on a base rate tariff in effect on September 1, 1999 pursuant to Utilities Code Section 39.052 (a), (herein referred to as a "frozen rate schedule"), and (iii) each new customer that was not served by the Company under any frozen rate schedule, but is the type of customer which, if it had been served by the Company under frozen rate schedules would have qualified for service under the Company's rate schedules RS or RTD.

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**MGS Class:** The MGS Class is made up of (i) every customer that is served under Company rate schedule MGS, and (ii) every customer that was served under Company rate schedule MGS on the day before the customer discontinued taking service from the Company on a frozen rate schedule, and (iii) each new customer that was not served by the Company under any frozen rate schedule, but is the type of customer which, if it had been served by the Company under a frozen rate schedule would have qualified for service under the Company's rate schedule MGS and whose demand is estimated by the Company to be less than 400 kVa. This class includes customers served under Rider GLTC. Customers served under rate schedules EIS, HVP and CSB are included in the MGS class if the customer's contract for service provides that the MGS rate is the basis for pricing.

**LGS Class:** The LGS Class is made up of (i) every customer that is served under rate schedule LGS, and (ii) every customer that was served under Company rate schedule LGS on the day before the customer discontinued taking service from the Company on a frozen rate schedule, and (iii) each new customer that was not served by the Company under any frozen rate schedule, but is the type of customer which, if it had been served by the Company under a frozen rate schedule would have qualified for service under the Company's rate schedules LGS and whose demand as estimated by the Company, if served at less than 60,000 volts, is 400 kVa or greater; or if served at 60,000 volts or greater, is at least 400 kVa but less than 2,000 kVa. This class includes customers served under Rider SEI. Customers served under rate schedules EIS, HVP and CSB are included in the LGS class if the customer's contract for service provides that the LGS rate is the basis for pricing.

**LOS-A Class:** The LOS-A Class is made up of (i) every customer that is on rate schedule LOS-A, and (ii) every customer that was served under Company rate schedule LOS-A on the day before the customer discontinued taking service from the Company on a frozen rate schedule, and (iii) each new customer that was not served by the Company under any frozen rate schedule, but is the type of customer which, if it had been served by the Company under a frozen rate schedule would have qualified for service under the Company's rate schedule LOS-A and has a demand as estimated by the Company of 2,000 kVa or greater. Customers served under rate schedules EIS and HVP are included in the LOS-A class if the customer's contract for service provides that the LOS-A rate is the basis for pricing.

**LOS-B Class:** The LOS-B Class is made up of (i) every customer that is served under rate schedule LOS-B, and (ii) every customer that was served under Company rate schedule LOS-B on the day before the customer discontinued taking service from the Company on a frozen rate schedule. Customers that were not served by the Company under any frozen rate schedule may not be included in this class.

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**Non-Metered Lighting Class:** The Non-Metered Lighting Class is made up of (i) every customer which is currently served under rate schedules SPL, MLS or MTA, and (ii) every customer that was served under Company rate schedules SPL, MLS or MTA on the day before the customer discontinued taking service from the Company on a frozen rate schedule, and (iii) each new customer which was not served by the Company under any frozen rate schedule, but is taking outdoor lighting services which are provided on an unmetered basis using lighting fixtures controlled by photo-electric devices which would have qualified for service under the Company's frozen rate schedules SPL, MLS and MTA.

In addition to the six Transition Charge Classes described above, there will be nine additional Transition Charge Classes, each of which is a capped class ("Capped Classes"). Each of the Capped Classes will be made up solely of customers that actually received service from the Company during the 12-month period ended April 30, 1999 under the Company rate schedule related to the class. The nine Capped Classes, and the related rate schedule, are as follows:

Capped Class	Related Rate Schedule
Standby Electric Service – Distribution	<b>SES</b>
Interruptible Service Supplemental – Distribution	<b>ISS</b>
Interruptible Service – 30 minute notice	<b>IS-30</b>
Interruptible Service – 10 minute notice	<b>IS-10 &amp; SIP</b>
Interruptible Service – Instantaneous	<b>IS-I</b>
Interruptible Service Supplemental – Transmission	<b>ISS</b>
Standby Electric Service – Transmission	<b>SES</b>
Standby Interruptible Service	<b>SBI</b>
SCP	<b>SCP</b>

Each customer in one or more of the nine Capped Classes will be charged the Transition Charges for the applicable class only for service the customer actually receives during the billing period up to the Monthly Cap. The Monthly Cap for each customer will be based on the amount of service the customer received under the related rate schedule during the 12-month period ended April 30, 1999 and calculated as follows:

- (1) For customers taking stand alone standby service (SBI and/or SES without other service), the Monthly Cap for SBI and SES will be the highest demand under the respective rate, during the 12-month period ended April 30, 1999. If a customer begins service under SES and/or SBI after April 30, 1999, the Monthly Cap for such customer's will be the highest demand under rate SES or SBI, as applicable, during the period from April 30, 1999 to January 1, 2002, if the customer provides the Company adequate documentation that (i) the additional load served on-site load normally served by the customer's on-site generation and (ii) the customer's on-site generation was out of service due to forced outage or maintenance. If the customer does not provide the required documentation, the additional load will be billed using the Transition Charges

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applicable to the LGS Class for distribution voltage customers or LOS-A Class for transmission voltage customers.

(2) For customers taking SBI and/or SES in combination with other services, the Transition Charge for additional load taken in excess of the Monthly Cap will be the Transition Charge for the LOS-A class restated and applied as a cents per KWh charge if the customer provides the Company adequate documentation that (i) the additional load was lawfully served without use of the Company's transmission and distribution facilities and (ii) the customer's on-site generation was out of service due to forced outage or maintenance. If the customer does not provide the required documentation, the additional load will be billed using the Transition Charges applicable to the LOS-A Class for transmission voltage customers applied on a kW basis.

(3) For any SCP customer that also receives service under another non-Capped Class, the SCP rate will have a Monthly Cap based on the amount of service the customer received under the SCP rate schedule during the 12-month period ended April 30, 1999. The Monthly Cap will be the customer's monthly maximum hourly kW under the SCP rate schedule during the peak hours as defined herein, summed for the 12-month period ended April 30, 1999 and divided by the number of months during which the customer actually consumed power under the SCP rate schedule.

(4) For all other customers in Capped Classes, the Monthly Cap will be the customer's monthly maximum hourly kW under the related rate schedule during the peak hours as defined herein, summed for the 12-month period ended April 30, 1999 and divided by the number of months during which the customer actually consumed power under the rate schedule. For monthly service in excess of the Monthly Cap(s), the charge associated with customer's Transition Charge Class will apply. If the customer is served at distribution voltage and did not have service associated with one of the six non-capped Transition Charge Classes, the customer will be required to pay the Transition Charges applicable to the LGS Class for all monthly service in excess of its Monthly Cap. If the customer is served at transmission voltage and did not have service associated with one of the six non-capped Transition Charge Classes, the customer will be required to pay the Transition Charges applicable to the LOS-A Class for all monthly service in excess of its Monthly Cap.

The categories of service historically provided by the Company may cease to exist after electric business activities are unbundled pursuant to Section 39.051 of the Utilities Code. Similarly, after the advent of customer choice under Section 39.102 of the Utilities Code, retail customers will receive service that may not only have different names, but may have different characteristics than the service historically provided by the Company. The classifications set out in the preceding paragraphs will be applied to determine the Transition Charge applicable to each customer without regard to the descriptions that may be used to describe the services provided to retail customers.

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**SECTION 5: REGULATORY ASSET ALLOCATION FACTORS**

The initial Regulatory Asset Allocation Factors (“RAAF”) for each Transition Charge Class are set out below. These initial RAAFs will remain in effect throughout the life of the transition bonds unless a modification of the factors is made pursuant to the allocation factor adjustment provisions in Section 6 of this Schedule TC:

<b>INITIAL REGULATORY ASSET ALLOCATION FACTORS</b>	
<b>TRANSITION CHARGE CLASS</b>	<b>RAAF</b>
Residential	35.5763 %
MGS	31.0544 %
LGS	17.4076 %
LOS-A	5.2845 %
LOS-B	3.4886 %
Non-Metered Lighting	0.2536 %
<b>CAPPED CLASSES</b>	
Standby Electric Service-Distribution	0.0304 %
Interruptible Service Supplemental- Distribution	0.0606 %
Interruptible Service –Thirty Minute Notice	1.0752 %
Interruptible Service -Ten Minute Notice	1.3720 %
Interruptible Service – Instantaneous	0.1294 %
Interruptible Service Supplemental- Transmission	0.0769 %
SES - Transmission	0.3718 %
SBI	0.1609 %
SCP	3.6578 %

**SECTION 6: ALLOCATION FACTOR ADJUSTMENTS**

The RAAFs will be subject to adjustment using the procedures in this Section 6. Any adjustment required under this Section 6 will be made effective on the date of an annual Standard True-up Adjustment. Required adjustments will be made in the following order: first, adjustments will be made under Part A; second, adjustments will be made under Part B; and third, adjustments will be made under Part C.

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For purposes of determining whether an allocation adjustment is required under Parts B, and C of this Section 6 and adjusting RAAFs pursuant to those Parts, the Transition Charge Classes will be combined into three groups (TC Groups) as follows:

***TC GROUPS***

<b><i>TC GROUP</i></b>	<b><i>TRANSITION CHARGE CLASSES</i></b>	<b><i>INITIAL GROUP ALLOCATION PERCENTAGE</i></b>
Residential	Residential	35.5763 %
Commercial	MGS, LGS, Non-Metered Lighting	48.7156 %
Industrial	All other Transition Charge Classes	15.7081 %

**Part A: Adjustments Due to Load Loss Qualifying under Utilities Code Section 39.262(k)**

The RAAFs shall be adjusted consistent with the Utilities Code to reflect the loss of loads due to operations of facilities that are "Eligible Generation" as defined in PUC Subst. Rule 25.345 (c) (2) ("Eligible Generation") except that this Part A shall not apply to, and the term "Eligible Generation" shall not include, load loss due to installation and operation of small power production facilities with a rated capacity of 10 megawatts or less. Any adjustments required under this Part A will be calculated as follows:

Step 1 – The Company will determine the amount of service provided during the twelve months ended April 30, 1999 that has been replaced by Eligible Generation (excluding amounts reflected in a prior adjustment under this Part A) and sum the losses by Transition Charge Class.

Step 2 – The Company will recalculate the RAAFs for all Transition Charge Classes using the spreadsheet and data used to compute the initial RAAFs but reducing the demand allocation factors for each Transition Charge class to reflect the cumulative losses for that class as calculated under Step 1 (including losses for which RAAF adjustments were made in prior years). No other changes to the spreadsheet or data used to compute the initial RAAFs will be made. Appendix A to this Schedule TC contains the spreadsheet and data used to compute the initial RAAFs.

Step 3 – An Adjusted Group Allocation Percentage for each TC Group shall then be calculated as the sum of the Adjusted RAAFs (computed under Step 2) for all Transition Charge Classes within the TC Group.

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**Part B: Inter-Group Adjustments Due to Cumulative Load Loss Not Attributable to Eligible Generation**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set Transition Charges for each Transition Charge Class during the ensuing year to the billing determinants in effect on January 1, 2002 (adjusted to exclude any billing determinants attributable to Eligible Generation if any adjustment was made under Part A after January 1, 2002) (such billing determinants as adjusted are hereafter referred to as the “January 1, 2002 Base Billing Determinants”). The RAAFs of all Transition Charge Classes in all TC Groups will be adjusted if one or more TC Groups experience load loss (calculated excluding load loss attributable to Eligible Generation for which adjustments have been made under Part A but including load loss attributable to small power production facilities of 10 megawatts or less) aggregating 50% or more on a cumulative basis when measured against the January 1, 2002 Base Billing Determinants. The adjustments under this Part B will be made using the following procedures:

Step 1:

For each TC Group, if $CTCOL_G / PBR_G \geq 0.50$	Then, no RAAF adjustment will occur and any adjustment made in previous years under Part B shall be reversed
For each TC Group, if $CTCOL_G / PBR_G < 0.50$	Then, a RAAF adjustment will be calculated pursuant to Steps 2 through 5.
<p>Where:</p> <p><math>CTCOL_G</math> = cumulative test collections for group <math>G = \sum CC_c * FBU_c</math> for all classes (c) in Group (G)</p> <p><math>FBU_c</math> = forecasted billing determinants for class c</p> <p><math>CC_c</math> = cumulative test charge for class c = <math>\{RAAF_c * PBR_T\} / BBD_c</math></p> <p><math>RAAF_c</math> = the RAAFs then in effect, or if an adjustment has been made under Part A, the adjusted RAAFs from Part A</p> <p><math>PBR_T</math> = total periodic billing requirement for upcoming period</p> <p><math>BBD_c</math> = base billing determinants (as measured on January 1, 2002) for class c</p> <p><math>PBR_G</math> = periodic billing requirement for group = <math>\sum RAAF_c * PBR_T</math> for all classes in G</p>	

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Step 2:

For each TC Group in Step 1 where  $CTCOL_G / PBR_G < 0.50$ , a reduction amount ( $RED_G$ ) will be calculated for group G where

$$RED_G = 0.5 (PBR_G - CTCOL_G)$$

Step 3:

For all TC Groups, a reallocation amount for that group ( $RA_G$ ) shall be calculated where:

$$RA_G = GAP_G * \{\sum RED_G\} \text{ for all Groups}$$

Where:

$$GAP_G = \text{Group Allocation Percentage} = \sum RAAF_c \text{ for all classes in the group}$$

Step 4:

For all TC groups a Group Allocation Percentage Adjustment ( $GAPA_G$ ) shall be calculated where:

$$GAPA_G = (RA_G - RED_G) / PBR_T$$

Where:

$$\sum GAPA_G = 0 \text{ for all G}$$

Step 5:

For all TC classes, the RAAF adjustment for class c ( $RAAFA_c$ ) will be calculated for use in calculating adjustments to the Transition Charges under Section 8, Part A where

$$RAAFA_c = GAPA_G * (RAAF_c / GAP_G)$$

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**Part C: Inter-Group Adjustments Due to Year-Over-Year Load Loss Not Attributable to Eligible Generation**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set Transition Charges for each Transition Charge Class during the ensuing year to the forecasted billing determinants used to develop the then currently effective Transition Charges for the class minus the Eligible Generation load loss for the class determined in Step 1 of Part A after the billing determinant for the currently effective Transition Charges was determined (such adjusted amount is hereinafter referred to as the “Prior Year Billing Determinant”). The RAAFs of all Transition Charge Classes in all TC Groups will be adjusted if (i) one or more TC Groups experience load loss (calculated excluding load loss attributable to Eligible Generation for which adjustments have been made under Part A but including load loss attributable to small power production facilities of 10 megawatts or less) of 10% or greater on a year-over-year basis when compared to the Prior Year Billing Determinants or (ii) any TC Group for which an adjustment was made under this Part C in one or more prior years experiences load growth resulting in projected billing determinants for the current year at a level which, if they had existed in one or more of such prior year(s) would have resulted in no adjustment to RAAFs in such prior year(s). No reduction in RAAFs will be made under this Part C for any TC Group for which a reduction amount was computed under Step 5 of Part B. The adjustments under this Part C will be made using the following procedures:

**Step 1:**

For each TC Group not adjusted under Part B,

If $YTCOL_G / PBR_G \geq 0.90$	Then, no RAAF adjustment will occur.
If $YTCOL_G / PBR_G > 1.00$	Then, no RAAF adjustment will occur and any prior year adjustments made under C will be reversed pursuant to step 6.
If $YTCOL_G / PBR_G < 0.90$	Then, a RAAF adjustment will be calculated pursuant to Steps 2 through 5.

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Where:

$YTCOL_G$  = year-to-year test collections for group G =  $\sum YC_c * FBU_c$  for all classes (c) in Group (G)

$FBU_c$  = forecasted billing determinants for class c

$YC_c$  = year-to-year test charge for class c =  $\{RAAF_c * PBR_T\} / FBU_c^{-1}$

$RAAF_c$  = the RAAFs then in effect, or if an adjustment has been made under Part A, the adjusted RAAFs from Part A

$PBR_T$  = total periodic billing requirement for upcoming period

$FBU_c^{-1}$  = prior year's forecasted billing determinants for class c

$PBR_G$  = periodic billing requirement for group =  $\sum RAAF_c * PBR_T$  for all classes in the group

Step 2:

For each TC Group in Step 1 where  $YTCOL_G / PBR_G < 0.90$ , a year to year reduction amount ( $YRED_G$ ) shall be calculated where

$$YRED_G = 0.9 (PBR_G - YTCOL_G)$$

Step 3:

For all TC Groups, a year to year reallocation amount ( $YRA_G$ ) shall be calculated where:

$$YRA_G = GAP_G * \{\sum YRED_G\} \text{ for all groups}$$

Where:

$GAP_G$  = Group Allocation Percentage =  $\sum RAAF_c$  for all classes in the group

Step 4:

For all TC groups a year to year group allocation percentage adjustment ( $YGAPA_G$ ) shall be calculated where:

$$YGAPA_G = (YRA_G - YRED_G) / PBR_T$$

Where  $\sum GAP_G = 0$  for all G

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**Step 5:**

For all TC classes, a year to year RAAF adjustment (YRAAF<sub>A<sub>c</sub></sub>) shall be calculated for use in calculating adjustments to the Transition Charges under Section 8, Part A where:

$$YRAAF_{A_c} = YGAP_{A_G} * (RAAF_c / GAP_G)$$

**Step 6:**

if  $\{\sum (YC_c * FBU_c)\} / \{\sum (YC_c * FBU_c^{t-1})\} \geq .90$  (for all classes in group G) then the adjustment made in year t shall be discontinued.

if  $\{\sum (YC_c * FBU_c)\} / \{\sum (YC_c * FBU_c^{t-1})\} < .90$  (for all classes in group G) then the adjustment made in year t carries forward.

Where  $FBU_c^{t-1}$  is the forecasted billing determinants from the year prior to the year an adjustment was made adjusted to reflect any adjustments made under part A between year t-1 and the current year.

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**Part D: Adjustments to Base Class Allocations**

The methodology used to allocate qualified costs and determine Transition Charges shall not be changed except in the limited circumstance described in this paragraph. If, but only if, the Commission enters an order pursuant to Section 39.253 (f) of the Utilities Code (“Stranded Cost Allocation Order”) that (A) requires the Company to allocate stranded costs in a manner which complies with that section and is different from the methodology used for allocation and collection of Transition Charges under the Financing Order in Docket No. 21665, and (B) also determines that it is necessary to adjust the initial RAAFs to comply with the requirements of Section 39.253 (f), the Company will recalculate the initial RAAFs to comply with the requirements of such order and will also recalculate all adjustments which have been made pursuant to Parts A, B, C, and D of this Section in order to recalculate the Adjusted RAAFs after giving effect to the revised starting point. Within 45 days after the Stranded Cost Allocation Order becomes final and is not subject to appeal, Servicer, on behalf of the SPE, will file recomputed Transition Charges reflecting the effect of changing the initial RAAFs. Any changes in Transition Charge resulting from a change in the initial RAAFs under this paragraph shall be made prospectively from the date recomputed Transition Charges become effective which effective date shall be 30 days after the recomputed Transition Charges are filed at the Commission. Transition Charges for services rendered prior to such effective date will not be changed. Future changes to the RAAFs underlying the recomputed Transition Charges, if necessary under Parts A – D of this Section 6 will be computed pursuant to this Section 6.

**SECTION 7: TRANSITION CHARGES**

The Transition Charges to be applied beginning on the effective date of this Schedule TC are set out below. Transition Charges to be applied in subsequent periods (Adjusted Transition Charges) will be determined in the manner described in Section 8.

***TRANSITION CHARGES***

<b><i>TRANSITION CHARGE CLASS</i></b>	<b><i>PER UNIT CHARGE</i></b>	<b><i>BILLING UNIT</i></b>
Residential	\$0.001515	Per kWh
MGS	\$0.369513 \$0.536941 \$0.001406	Per kVa Per kW Per kWh
LGS	\$0.636156 \$0.589446	Per kVa Per kW
LOS-A	\$0.374401	Per kW
LOS-B	\$0.626913	Per kW
Non-Metered Lighting	\$0.000850	Per kWh

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<b><i>TRANSITION CHARGE CLASS</i></b>	<b><i>PER UNIT CHARGE</i></b>	<b><i>BILLING UNIT</i></b>
Standby Electric Service-Distribution	\$0.165728	Per kW
Interruptible Service Supplemental- Distribution	\$0.565481	Per kW
Interruptible Service –Thirty Minute Notice	\$0.314277	Per kW
Interruptible Service –Ten Minute Notice	\$0.150277	Per kW
Interruptible Service – Instantaneous	\$0.254701	Per kW
Interruptible Service Supplemental- Transmission	\$0.656555	Per kW
Standby Electric Service-Transmission	\$0.266076	Per kW
Standby Interruptible Service	\$0.046170	Per kW
SCP	\$0.566619	Per kW

The Transition Charges shall be applied on a kW basis for all service provided at Transmission voltage and for all service provided to Capped Classes and to any LGS customer that also receives SES-Distribution service. The kW to be used in calculating the bill for those customers obligated to pay on a kW basis will be the highest kW measured over a one hour period occurring on weekdays (Monday through Friday) during the sixteen hours beginning with and including the hour that ends at seven (a.m.) (07:00) and extending until the hour that ends at ten p.m. (22:00), local time (central standard or central daylight saving time, as appropriate).

The Transition Charges shall be applied on a kVa basis for all service provided at distribution voltage (other than service at distribution voltage to Capped Classes or to LGS customers that also receive SES-Distribution service) and whose kVa is greater than 10 kVa in the billing month. The kVa will be the highest kVa measured over a 15 minute period during the month if the metering equipment has indicators for measuring and recording only the highest demand during the billing period, otherwise if the metering equipment measures and records continuously for all 15 minute periods the kVa will be the average of the 4 highest 15 minute periods measured during the billing period. If the demand meters used to meter service to a customer measure service is on a kW basis instead of a kVa basis or measure in intervals different than 15 minutes *e.g.* 5, 10, 30 minutes, the transition charge to the customer will be based on the kW with the interval measurement period closest to a 15 minute period.

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Transition Charges will be applied on a kWh basis for those customers with watt-hour meters and those customers with demand meters whose measured demand is 10 kVa or less.

Each retail customer shall be obligated to pay Transition Charges for its applicable class. The Transition Charge shall be applied to all service received by the customer during the applicable billing period. If a customer was taking service in more than one rate class through one point of service on April 30, 1999, or on the day before the customer discontinued taking service from the Company on a frozen rate schedule, its Transition Charges shall be determined as follows:

1. For customers taking service under two or more rates through a single meter, the following order will be used to determine Transition Charges for the customer:
  - (a) If the customer takes service in one or more Capped Classes (other than SCP) through a single meter, the service shall be allocated first to Capped Classes in ascending order of unit Transition Charges beginning with the Capped Class with the lowest unit Transition Charge. All service to the customer, up to the lesser of (i) the highest hourly on-peak kW for total premises load (Total kW) or the Monthly Cap for the class, shall be deemed to be service under the Capped Class with the lowest unit Transition Charge. If the Total kW is greater than the Monthly Cap for the class with lowest unit Transition Charge, the difference up to the Monthly Cap for the Capped Class with the next lowest unit Transition Charge will be deemed to be service under the Capped Class with the next lowest unit Transition Charge. The remainder will then similarly be allocated to each other Capped Class under which the customer is served until the Total kW has been allocated or all applicable Monthly Caps have been reached.
  - (b) If the total amount allocated to Capped Classes under (a) is less than the Total kW, the remainder, up to the Monthly Cap for SCP shall be deemed to be service provided under SCP.
  - (c) Any amount remaining after the allocations in (a) and (b) will be deemed to be service provided under the Transition Charge Class (other than Capped Classes and SCP) that is applicable to the customer. If the customer is not otherwise taking service under any Transition Charge Class (other than Capped Classes and SCP) the amount remaining after the allocations in (a) and (b) shall be deemed to be service under LOS-A, if the customer is served at transmission voltage, or under LGS, if the customer is served at distribution voltage.

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In addition, each customer which has New On-Site Generation shall pay an amount each month computed by multiplying the output of the on-site generation used to serve the internal electric requirements of the customer (either kW or kVa, as determined by the Transition Charge class for which the customer would qualify if it were being served by the Company or an REP) by the Transition Charge in effect for services provided to customers in that class during the month. This amount shall be in addition to any Transition Charges applicable to energy or demand actually delivered to the customer through the Company's or another T&D Provider's facilities.

## **SECTION 8: STANDARD TRUE-UP FOR ADJUSTMENT OF TRANSITION CHARGES**

Transition Charges will be adjusted annually effective on November 1st to ensure that the expected collection of Transition Charges is adequate to pay principal and interest on the Transition Bonds when due pursuant to the expected amortization schedule, pay as due all other qualified costs and to fund the overcollateralization account to the required level. In addition, in limited circumstances the Transition Charges may be adjusted at other times but not more frequently than once each quarter (Interim Adjustments). The Interim Adjustments will be made if, after application of collections in accordance with the terms of the Transition Bond indenture, the actual principal balance of bonds outstanding at the next bond payment date will be more than 5% higher than the expected principal balance as set out on the expected amortization schedule. All annual and interim adjustments will be designed to cause (i) the outstanding principal balance of the Transition Bonds to be equal to the scheduled balance on the expected amortization schedule; (ii) the amount in the overcollateralization subaccount to be equal to the required overcollateralization level; (iii) the amount in the capital subaccount to be equal to the required capital plus any investment earnings on amounts in the capital subaccount to the extent that the investment earnings have not been released to the SPE and (iv) the reserve subaccount to be zero by the payment date immediately preceding the next adjustment or by the final payment date, if the next payment date is the final payment date.

### **Part A: TRUE-UP ADJUSTMENT PROCEDURE FOR STANDARD AND INTERIM TRUE-UPS**

Servicer will calculate the Adjusted Transition Charges using the methodology described below and will file the Adjusted Transition Charges with the Commission. Annual adjustments will be filed 15 days prior to the effective date of the Adjusted Transition Charges unless an adjustment to the RAAFs is required under Section 6 (including Intra-Group Allocation Adjustments under Part D of Section 6) in which case the annual adjustment will be filed not later than 90 days prior to the effective date. Interim Adjustments will be filed not less than 15 days prior to the effective date of the Adjusted Transition Charges.

The Adjusted Transition Charge for the upcoming period for each class (TC<sub>c</sub>) shall be computed as follows:

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For the residential class,

$$TC_c = PBR_T * (RAAF_c + RAAFA_c + YRAAFA_c^t) / FBU_c$$

For classes in the Commercial and Industrial TC Groups:

$$TC_c = TC_c^{-1} \{ \sum [PBR_T * (RAAF_c + RAAFA_c + YRAAFA_c^t)] / \sum (TC_c^{-1} * FBU_c) \}$$

For all classes in the applicable group.

Where

$TC_c^{-1}$  = the transition charge for that class from the previous period

$PBR_T$  = Periodic Billing Requirement for the ensuing period (the 12 months beginning on the effective date of the adjusted transition charges in the case of annual true-ups and the period until the next scheduled annual true-up in the case of interim adjustments). The Periodic Billing Requirement will be the amounts required to pay principal and interest on the Transition Bonds when due pursuant to the expected amortization schedule, pay as due all other qualified costs to fund the overcollateralization account to the required level and to recover any net system under-collections or credit any net system over-collections so that (i) the outstanding principal balance of the Transition Bonds will be equal to the scheduled balance on the expected amortization schedule; (ii) the amount in the overcollateralization subaccount will be equal to the required overcollateralization level; (iii) the amount in the capital subaccount will be equal to the required capital plus any investment earnings on amounts in the capital subaccount to the extent that the investment earnings have not been released to the SPE and (iv) the reserve subaccount will be zero by the payment date immediately preceding the next adjustment or by the final payment date, if the next payment date is the final payment date.

$RAAF_c$  = the RAAFs then in effect, or if an adjustment has been made under Section 6, Part A, the adjusted RAAFs from Section 6, Part A.

$RAAFA_c$  = the adjustment (if any) from Section 6, Part B, Step 5

$YRAAFA_c^t$  = the adjustment from Section 6, Part C, Step 5 for every year t in which an adjustment was made unless that adjustment was discontinued under Section 6, Part C, Step 6.

$FBU_c$  = the forecasted billing determinants for the upcoming period

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**SECTION 9: BILLING AND COLLECTION TERMS AND CONDITIONS**

Transition Charges will be billed and collected as set forth in this Schedule TC. The terms and conditions for each party are set forth below.

***Part A: Billing and Collection Prior to Customer Choice*****A. Billing by Servicer to end-use customers:**

1. Payment terms for each Transition Charge Class will be identical to those which are contained in the Company's rate schedules in effect on November 1, 1999 and applicable to customers in that class.
2. Servicer shall have the same right to terminate service for non-payment of Transition Charges as the Company has to terminate service for non-payment of charges under the Company's rate schedules. Any termination shall comply with applicable Commission rules.

**B. Billings by Servicer to T or D Providers:**

1. When former retail customers of the Company in multiply certificated service areas are taking service from other T or D Providers, and the customer did not request to switch to the other T or D Provider prior to May 1, 1999, the Transition Charges will be billed to and collected from the other T or D Provider.
2. The T or D Provider shall pay all Transition Charges not later than 16 days after the bill is mailed by Servicer. The T or D Provider shall make such payment regardless of whether it collects such charges from the end-use retail customer.

**C. Billings by Servicer to New On-Site Generation:**

1. Customers subject to Transition Charges for New On-Site Generation shall pay such charges in full not later than sixteen days after the date the bill is mailed to the customer.
2. Transition Charges applicable to New On-Site Generation are in addition to applicable Transition Charges under A above.
3. If the entity with New On-Site Generation receives transmission or distribution service from the Company or another T or D Provider, Servicer shall have the same right to terminate service or to require the other provider to terminate service for non-payment of Transition Charges as the Company has to terminate

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service for non-payment of charges under the Company's rate schedules. Any termination shall comply with applicable Commission rules.

***Part B: Billing and Collection Subsequent to Customer Choice.***

**A. Billings by Servicer to other T or D Providers:**

1. Transition Charges applicable to former retail customers of the Company in multiply certificated service areas who are now taking service from other T or D Providers will be billed to and collected from the other T or D Provider, which, in turn will be responsible for collecting the Transition Charges from the retail customers.
2. The T or D Provider shall pay all Transition Charges not later than 35 days after bill is mailed by Servicer. The T or D Provider shall make such payment regardless of whether it collects such charges from the end-use retail customer.

**B. Billings by Servicer to New On-Site Generation:**

1. Customers subject to Transition Charges for New On-Site Generation shall pay such charges in full not later than sixteen days after the date the bill is mailed to the customer.
2. Transition Charges applicable to New On-Site Generation are in addition to applicable transition charges under A above or C below.
3. If the entity with New On-Site Generation receives transmission or distribution service from the Company or another T or D Provider, Servicer shall have the same right to terminate service or require the other provider to terminate service for non-payment of Transition Charges as the Company has to terminate service for non-payment of charges under the Company's rate schedules. Any termination shall comply with applicable Commission rules.

**C. Billings by the REP or its replacement to end-use customers:**

1. REPs will bill and collect, or cause to be billed and collected, all Transition Charges applicable to consumption by retail customers served by the REP.
2. If the Servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If the Servicer is not providing the metering, the entity providing metering services will be responsible for complying with Commission rules and ensuring that the Servicer and the REP will receive timely and accurate metering data in order for the Servicer to meet its obligations under

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the Servicing Agreement and the Financing Order with respect to billing and true-ups.

3. Each REP must (1) have a long-term, unsecured credit rating of not less than “BBB-” and “Baa3” (or the equivalent) from Standard & Poor’s and Moody’s Investors Service, respectively, or (2) provide (A) a deposit of two months’ maximum expected Transition Charge collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of Transition Charge collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The Indenture Trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit ratings of not less than “BBB-” and “Baa3” (or the equivalent) from Standard & Poor’s and Moody’s Investors Service, respectively.
4. If the long-term, unsecured credit rating from either Standard & Poor’s or Moody’s Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below “BBB-” or “Baa3” (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in paragraph 3 of Section D, Billings by Servicer to the REP or its replacement (when applicable).
5. The computation of the size of a required deposit shall be agreed upon by the Servicer and the REP, and reviewed during no more frequently than quarterly to ensure that the deposit accurately reflects two months’ maximum collections. Within 10 business days following such review, (1) the REP shall remit to the Indenture Trustee the amount of any shortfall in such required deposit or (2) the Servicer shall instruct the Indenture Trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the Section D, Billings by Servicer to the REP or its replacement (when applicable). REP cash deposits shall be held by the Indenture Trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the Transition Bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the Indenture Trustee. At the instruction of the Servicer, cash deposits will

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be remitted with investment earnings to the REP at the end of the term of the Transition Bonds unless otherwise utilized for the payment of the REP's obligations for Transition Bond payments. Once the deposit is no longer required, the Servicer shall promptly (but not later than 30 calendar days) instruct the Indenture Trustee to remit the amounts in the segregated accounts to the REP.

6. In the event that a REP or the Provider of Last Resort (POLR) is billing customers for Transition Charges, the REP shall have the right to transfer the customers to the POLR (or to another certified REP) or to direct the servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

D. Billings by the Servicer to the REP or its replacement (when applicable):

1. Servicer will bill and collect from REPs all Transition Charges applicable to consumption by retail customers served by the REP, including applicable former customers and New On-Site Generation.
2. Payments of Transition Charges are due 35 calendar days following each billing by the Servicer to the REP, without regard to whether or when the REP receives payment from the end-use retail customers. The Servicer shall accept payment by electronic funds transfer, wire transfer, and/or check. Payment will be considered received the date the electronic funds transfer or wire transfer is received by the Servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10 calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in paragraph 3 of this Section D. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to Servicer. The "current amount" consists of the total unpaid Transition Charges existing on the 36<sup>th</sup> calendar day after billing by the Servicer. Any and all such penalty payments will be made to the Indenture Trustee to be applied against Transition Charge obligations. A REP shall not be obligated to pay the overdue Transition Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue Transition Charges as a condition of receiving the customers of another REP that has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such Transition Charges; however, the prior REP shall not be relieved of the previously-assessed penalties.

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3. After the 10 calendar-day grace period (the 45<sup>th</sup> calendar day after the billing date), the Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof provided by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid Transition Charges and associated penalties due Servicer after the application of the REP's deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in paragraphs 4 and 5 of Section C and paragraph 2 of this Section D shall select and implement one of the following options:
  - (a) Allow the POLR or a qualified REP of the customer's choosing to immediately assume the responsibility for the billing and collection of Transition Charges.
  - (b) Immediately implement other mutually suitable and agreeable arrangements with Servicer. It is expressly understood that the Servicer's ability to agree to any other arrangements will be limited by the terms of the servicing agreement and requirements of rating agencies that have rated the bonds necessary to avoid suspension, withdrawal or downgrade of the ratings on the Transition Bonds.
  - (c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by Servicer with such amounts to be applied first to pay Transition Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default does not immediately select and implement one of the options specified in (a), (b) or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then the Servicer shall immediately implement option (a). Upon re-establishment of compliance with the requirements set forth in paragraphs 4 and 5 of Section C and paragraph 2 of this Section D and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this paragraph 3.

4. The initial POLR appointed by the Commission, or any Commission-appointed successor to the POLR, must meet the minimum credit rating or deposit/credit support requirements described in paragraph 3 of Section C ("Billings by the REP or its Replacement to end-use customers") in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of Transition Charges will immediately be transferred to and assumed by the Servicer until a new POLR can be named by the Commission or the customer requests the

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services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or the Servicer for any amount of Transition Charges they have paid their REP (although future Transition Charges shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in paragraph 2 of this Section D is the sole remaining past-due amount after the 45<sup>th</sup> calendar day, the REP shall not be required to comply with clauses (a), (b) or (c) of paragraph 3 of this Section D, unless the penalty is not paid within an additional 30 calendar days.

5. In the event that the Servicer is billing customers for Transition Charges, the Servicer shall have the right to terminate transmission and distribution service to the end-use customer for non-payment by the end use customer pursuant to applicable Commission rules.
6. The REP will be allowed to hold back an allowance for charge-offs in its payments to the Servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, REPs will be allowed to remit payments based on the same system-wide charge-off percentage then being used by the Servicer to remit payments to the indenture trustee for the holders of Transition Bonds. On an annual basis in connection with the true-up adjustment process, the REP and the Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectable in accordance with the terms agreed to by the REP and the Servicer, provided that:
  - (a) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (*i.e.*, all amounts due the REP for its own account as well as the portion representing Transition Charges) have been written off.
  - (b) The REP's recourse will be limited to a credit against future Transition Charge payments unless the REP and the Servicer agree to alternative arrangements, but in no event will the REP have recourse to the Indenture Trustee, the SPE or the SPE's funds for such payments.
  - (c) The REP shall provide information on a timely basis to the Servicer so that the Servicer can include the REP's default experience and any subsequent credits into its calculation of the adjusted Transition Charge rates for the next transition charge billing period and the REP's rights to credits will not take effect until after such adjusted Transition Charge rates have been implemented.
7. In the event that a REP disputes any amount of billed Transition Charges, the REP shall pay the disputed amount under protest according to the timelines

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detailed in paragraph 2 of this Section D. The REP and the Servicer shall first attempt to informally resolve the dispute, but if they fail to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to the Servicer at the Commission-approved interest rate. Disputes about the date of receipt of Transition Charge payments (and penalties arising thereof) or the size of a required REP deposit will be handled in a like manner. It is expressly intended that any interest paid by the Servicer on disputed amounts shall not be recovered through Transition Charges if it is determined that the Servicer's claim to the funds is clearly unfounded. No interest shall be paid by the Servicer if it is determined that the Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to Utilities Code Section 39.107.

8. If the Servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If the Servicer is not providing the metering, the entity providing metering services will be responsible for complying with Commission rules and ensuring that the Servicer and the REP will receive timely and accurate metering data in order for the Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

### **OTHER TERMS AND CONDITIONS**

If the customer or REP pays only a portion of its bill, a pro-rata portion of Transition Charge revenues shall be deemed to be collected. The Company will allocate any shortfall first, ratably based on the amount owed for Transition Charges and the amount owed for other fees and charges, other than late charges, owed to the Company or any successor, and second, all late charges shall be allocated to the Company or any successor.

If the Company does not regularly include the notice described below in the bills sent by it to REPs or directly to retail customers, then at least once each year the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the amount billed includes Transition Charges which were authorized by the Financing Order dated May 31, 2000 and have been transferred to and are being collected on behalf of CenterPoint Energy Transition Bond Company, LLC and are not owned by the Company. In the customer's initial bill from the REP and at least once each year thereafter, each REP that bills Transition Charges shall cause to be prepared and delivered to its customers a notice stating, in effect, that the amount billed includes Transition Charges which were authorized by the Financing Order dated May 31, 2000 and have been transferred to and are being collected on behalf of CenterPoint Energy Transition Bond Company, LLC and are not owned by the REP or the Company, and that under certain circumstances described in Schedule TC Servicer may be permitted to collect the Transition Charges directly from the retail customer. Such notice shall be included either as an

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insert to or in the text of the bills delivered to such REPS or customers, as applicable, or shall be delivered to customers by electronic means or such other means as Servicer or the REP may from time to time use to communicate with their respective customers.

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**ATTACHMENT 1****REGULATORY ASSET ALLOCATION FACTORS**

<b>TRANSITION CHARGE CLASS</b>	<b>RAAF Effective 11-1-02</b>
Residential	36.1814 %
MGS	32.3772 %
LGS	18.1531 %
LOS-A	4.4765 %
LOS-B	2.8004 %
Non-Metered Lighting	0.2645 %
<b>CAPPED CLASSES</b>	
Standby Electric Service-Distribution	0.0317 %
Interruptible Service Supplemental- Distribution	0.0623 %
Interruptible Service –Thirty Minute Notice	0.8281 %
Interruptible Service -Ten Minute Notice	1.3782 %
Interruptible Service – Instantaneous	0.1330 %
Interruptible Service Supplemental- Transmission	0.0791 %
SES – Transmission	0.3231 %
SBI	0.1535 %
SCP	2.7579 %

**TC GROUPS**

<b>TC GROUP</b>	<b>TRANSITION CHARGE CLASSES</b>	<b>GROUP ALLOCATION PERCENTAGE Effective 11-1-02</b>
Residential	Residential	36.1814 %
Commercial	MGS, LGS, Non-Metered Lighting	50.7948 %
Industrial	All other Transition Charge Classes	13.0238 %

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**ATTACHMENT 2****REGULATORY ASSET ALLOCATION FACTORS**

<b>TRANSITION CHARGE CLASS</b>	<b>RAAF Effective 11-1-03</b>
Residential	36.2894 %
MGS	32.6212 %
LGS	18.2931 %
LOS-A	4.5124 %
LOS-B	2.7309 %
Non-Metered Lighting	0.2667 %
<b>CAPPED CLASSES</b>	
Standby Electric Service-Distribution	0.0319 %
Interruptible Service Supplemental- Distribution	0.0626 %
Interruptible Service –Thirty Minute Notice	0.8324 %
Interruptible Service -Ten Minute Notice	1.3421 %
Interruptible Service – Instantaneous	0.1056 %
Interruptible Service Supplemental- Transmission	0.0795 %
SES – Transmission	0.3256 %
SBI	0.1543 %
SCP	2.3523 %

**TC GROUPS**

<b>TC GROUP</b>	<b>TRANSITION CHARGE CLASSES</b>	<b>GROUP ALLOCATION PERCENTAGE Effective 11-1-03</b>
Residential	Residential	36.2894 %
Commercial	MGS, LGS, Non-Metered Lighting	51.1810 %
Industrial	All other Transition Charge Classes	12.5296 %

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**ATTACHMENT 3****REGULATORY ASSET ALLOCATION FACTORS**

<b>TRANSITION CHARGE CLASS</b>	<b>RAAF Effective 11-1-09</b>
Residential	37.8367 %
MGS	31.9072 %
LGS	17.8927 %
LOS-A	4.4136 %
LOS-B	2.6711 %
Non-Metered Lighting	0.2609 %
<b>CAPPED CLASSES</b>	
Standby Electric Service-Distribution	0.0312 %
Interruptible Service Supplemental- Distribution	0.0575 %
Interruptible Service –Thirty Minute Notice	0.7648 %
Interruptible Service -Ten Minute Notice	1.2332 %
Interruptible Service – Instantaneous	0.0970 %
Interruptible Service Supplemental- Transmission	0.0730 %
SES – Transmission	0.3185 %
SBI	0.1418 %
SCP	2.3008 %

**TC GROUPS**

<b>TC GROUP</b>	<b>TRANSITION CHARGE CLASSES</b>	<b>GROUP ALLOCATION PERCENTAGE Effective 11-1-09</b>
Residential	Residential	37.8367 %
Commercial	MGS, LGS, Non-Metered Lighting	50.0608 %
Industrial	All other Transition Charge Classes	12.1025 %

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**6.1.1.2.2 SCHEDULE TC2 - TRANSITION CHARGES****SECTION 1: APPLICABILITY**

This schedule sets out the rates and terms and conditions under which Transition Charges will be billed and collected by CenterPoint Energy Houston Electric, LLC (Company), any successor servicer(s) and any retail electric providers (REP) or collection agents billing or collecting Transition Charges on behalf of CenterPoint Energy Transition Bond Company II, LLC (SPE). The Transition Charges were authorized by the Financing Order approved by the Public Utility Commission of Texas (Commission) in Docket No. 30485 on March 16, 2005 (Financing Order). Pursuant to terms of the Financing Order and the requirements of Section 39.301 *et seq.* of the Texas Utilities Code, all of the Company's rights under the Financing Order, including the right to bill and collect Transition Charges and to adjust Transition Charges pursuant to this Schedule TC2, were transferred to the SPE in connection with the issuance of transition bonds. The rights transferred to the SPE are "transition property" of the SPE (as defined in Section 39.304 of the Utilities Code). On the effective date of this Schedule TC2, the Company will act as servicer on behalf of the SPE to bill, collect, receive and adjust Transition Charges imposed pursuant to this Schedule TC2. However, the SPE may select another party to serve as servicer or the Company may resign as servicer in accordance with the terms and subject to the conditions of the Servicing Agreement and the Financing Order. A successor servicer selected under these conditions will assume the obligations of the Company as servicer under this Schedule TC2. As used in this Schedule TC2, the term "Servicer" includes any successor servicer. All actions by the Company under this Schedule TC2, including collection of Transition Charges, will be undertaken solely in its role as servicer under the Servicing Agreement between the Company and the SPE dated as of December 16, 2005.

This schedule is applicable to:

1. Retail customers located within the certificated service area of Reliant Energy HL&P (HL&P) as such service area existed on May 1, 1999 who receive electric transmission and/or distribution service through a REP served by the Company and to the facilities, premises and loads of such retail customers;
2. Retail customers located within HL&P's certificated service area as it existed on May 1, 1999 who are presently receiving transmission and/or distribution service either directly from another utility, electric cooperative or municipally owned utility (T or D Provider) or through a REP served by another T or D Provider, and whose request to change service to the other T or D Provider was made after May 1, 1999;

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3. Retail customers located within HL&P's certificated service area as it existed on May 1, 1999 and who are served by New On-Site Generation. New On-Site Generation means "New On-Site Generation" as defined in Section 25.345(c)(1) of the Commission's Substantive Rules.
4. REPs that serve retail customers located within HL&P's certificated service area as it existed on May 1, 1999.
5. Any other entity which, under the terms of the Financing Order or the Utilities Code, may be obligated to pay, bill, collect, or adjust the Transition Charges.
6. This schedule is applicable to public retail customers located within HL&P's certificated service area as it existed on May 1, 1999 who purchase power from the General Land Office as provided for in the Utilities Code, Section 35.102.

## **SECTION 2: CHARACTER OF TRANSITION CHARGES**

Transition Charges are non-bypassable charges. All Transition Charges other than those applicable to New On-Site Generation are computed and paid on the basis of individual end-use retail customer consumption or demand. In accordance with Utilities Code Section 39.252(b) and Section 25.345(i)(3) of the Commission's Substantive Rules, the Transition Charges applicable to use of New On-Site Generation that results in a "material reduction" of the customer's use of energy delivered through the Company's transmission and distribution facilities (as defined in Section 25.345(i)(4) of the Commission's Substantive Rules) are computed and paid based on the output of the on-site generation used to meet the internal electric requirements of the customer. Customers with New On-Site Generation will also be required to pay the Transition Charges applicable to energy actually delivered to the Customer through the Company's facilities. Individual end-use retail customers are responsible for paying Transition Charges billed to them in accordance with the terms of this Schedule TC2 whether the charges are billed directly by Servicer or are included in the bills submitted to the customer by a REP or another entity. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order. The billing entity may be the Company, a successor servicer, a REP or an entity designated to collect Transition Charges in place of the REP.

The Transition Charges are separate charges to be paid in addition to any other applicable charges for services received. Although the Transition Charges are separate charges, they may be included within other charges of the billing entity.

The REP or entity designated to collect Transition Charges in place of the REP will pay Transition Charges (less an allowance for charge-offs calculated pursuant to this Schedule TC2)

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to Servicer in accordance with the requirements of the Financing Order and this Schedule TC2 whether or not it has collected the Transition Charges from its customers. To the extent that the REP's actual charge-offs differ from the charge-off allowance, adjustments will be made pursuant to this Schedule TC2. The REP will have no right to reimbursement other than as expressly set out in this Schedule TC2.

Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

### **SECTION 3: TERM**

This Schedule TC2 is effective beginning on the date the transition bonds are issued. Schedule TC2 will remain in effect as provided in the Financing Order until the Transition Charges collected and remitted to the SPE are sufficient to satisfy all obligations of the SPE to pay principal and interest on the transition bonds (as due over the 14 year term of the transition bonds) and to pay all other qualified costs as provided in the Financing Order. However, in no event will the Transition Charges be billed for service provided after 15 years from issuance of the transition bonds, or sooner if the transition bonds are paid in full at an earlier date. This Schedule TC2 is irrevocable.

### **SECTION 4: TRANSITION CHARGE CLASSES**

Transition Charges are calculated and applied by Transition Charge Class. There are 15 Transition Charge Classes, nine of which are Capped Classes. Each Transition Charge Class is defined in terms of the base rate tariff classes that existed on HL&P's system on September 1, 1999 ("pre-restructuring rate schedules"). The Transition Charge Classes are defined as follows:

**Residential Class:** The Residential Class is made up of (i) every customer that was served under HL&P rate schedule RS or RTD on the day before the customer discontinued taking service from HL&P under a pre-restructuring rate schedule, and (ii) each new customer that was not served by HL&P under any pre-restructuring rate schedule, but is the type of customer which, if it had been served by HL&P under pre-restructuring rate schedules would have qualified for service under HL&P's rate schedules RS or RTD.

**MGS Class:** The MGS Class is made up of (i) every customer that was served under HL&P rate schedule MGS on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, and (ii) each new customer that was not served by HL&P under any pre-restructuring rate schedule, but is the type of customer which, if it had been served by HL&P under a pre-restructuring rate schedule would have qualified for service under HL&P's rate schedule MGS and whose demand is estimated by the Company to be less than 400 kVa. This class includes customers served under Rider GLTC. Customers served under rate schedules EIS, HVP and CSB are included in

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the MGS class if the customer's contract for service from HL&P provided that the MGS rate was the basis for pricing.

**LGS Class:** The LGS Class is made up of (i) every customer that was served under HL&P rate schedule LGS on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, and (ii) each new customer that was not served by HL&P under any pre-restructuring rate schedule, but is the type of customer which, if it had been served by HL&P under a pre-restructuring rate schedule would have qualified for service under HL&P's rate schedules LGS and whose demand as estimated by the Company, if served at less than 60,000 volts, is 400 kVa or greater; or if served at 60,000 volts or greater, is at least 400 kVa but less than 2,000 kVa. This class includes customers served under Rider SEI. Customers served under rate schedules EIS, HVP and CSB are included in the LGS class if the customer's contract for service from HL&P provided that the LGS rate was the basis for pricing.

**LOS-A Class:** The LOS-A Class is made up of (i) every customer that was served under HL&P rate schedule LOS-A on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, and (ii) each new customer that was not served by HL&P under any pre-restructuring rate schedule, but is the type of customer which, if it had been served by HL&P under a pre-restructuring rate schedule would have qualified for service under HL&P's rate schedule LOS-A and has a demand as estimated by the Company of 2,000 kVa or greater. Customers served under rate schedules EIS and HVP are included in the LOS-A class if the customer's contract for service from HL&P provided that the LOS-A rate was the basis for pricing.

**LOS-B Class:** The LOS-B Class is made up of every customer that was served under HL&P rate schedule LOS-B on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule. Customers that were not served by HL&P under any pre-restructuring rate schedule may not be included in this class.

**Non-Metered Lighting Class:** The Non-Metered Lighting Class is made up of (i) every customer that was served under HL&P rate schedules SPL, MLS or MTA on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, and (ii) each new customer which was not served by HL&P under any pre-restructuring rate schedule, but is taking outdoor lighting services which are provided on an unmetered basis using lighting fixtures controlled by photo-electric devices which would have qualified for service under HL&P's pre-restructuring rate schedules SPL, MLS and MTA.

In addition to the six Transition Charge Classes described above, there will be nine additional Transition Charge Classes, each of which is a capped class ("Capped Classes"). Each of the Capped Classes will be made up solely of customers that actually received service from HL&P during the 12-month period ended April 30, 1999 under the HL&P rate schedule related to the

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class and any SIP customers with a contract effective date after April 30, 1999 and before January 1, 2002. The nine Capped Classes, and the related rate schedule, are as follows:

Capped Class	Related Rate Schedule
Standby Electric Service – Distribution	<b>SES</b>
Interruptible Service Supplemental – Distribution	<b>ISS</b>
Interruptible Service – 30 minute notice	<b>IS-30</b>
Interruptible Service – 10 minute notice	<b>IS-10 &amp; SIP</b>
Interruptible Service – Instantaneous	<b>IS-I</b>
Interruptible Service Supplemental – Transmission	<b>ISS</b>
Standby Electric Service – Transmission	<b>SES</b>
Standby Interruptible Service	<b>SBI</b>
Special Contract Pricing	<b>SCP</b>

Each customer in one or more of the nine Capped Classes will be charged the Transition Charges for the applicable class only for service the customer actually receives during the billing period up to the Monthly Cap. The Monthly Cap for each customer will be based on the amount of service the customer received under the related rate schedule during the 12-month period ended April 30, 1999 or for any SIP customer, the Monthly Cap will be based on the customer's average monthly interruptible demand corresponding to the initial MFC under the customer's SIP contract effective after April 30, 1999 and before January 1, 2002, and calculated as follows:

(1) For customers which took stand alone standby service (SBI and/or SES without other service), the Monthly Cap for SBI and SES will be the highest demand under the respective rate, during the 12-month period ended April 30, 1999. If a customer began service under SES and/or SBI after April 30, 1999, the Monthly Cap for such customer's will be the highest demand under rate SES or SBI, as applicable, during the period from April 30, 1999 to January 1, 2002, if the customer provides the Company adequate documentation that (i) the additional load served was on-site load normally served by the customer's on-site generation and (ii) the customer's on-site generation was out of service due to forced outage or maintenance. If the customer does not provide the required documentation, the additional load will be billed using the Transition Charges applicable to the LGS Class for distribution voltage customers or LOS-A Class for transmission voltage customers.

(2) For customers which took SBI and/or SES in combination with other services, the Transition Charge for additional load taken in excess of the Monthly Cap will be the Transition Charge for the LOS-A class restated and applied as a cents per KWh charge if the customer provides the Company adequate documentation that (i) the additional load was lawfully served without use of the Company's transmission and distribution facilities and (ii) the customer's on-site generation was out of service due to forced outage or maintenance. If the customer does not provide the required documentation, the additional

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load will be billed using the Transition Charges applicable to the LOS-A Class for transmission voltage customers applied on a kW basis.

(3) For any SCP customer that also received service under a non-Capped Class, the SCP rate will have a Monthly Cap based on the amount of service the customer received under the SCP rate schedule during the 12-month period ended April 30, 1999. The Monthly Cap will be the customer's monthly maximum hourly kW under the SCP rate schedule during the peak hours as defined herein, summed for the 12-month period ended April 30, 1999 and divided by the number of months during which the customer actually consumed power under the SCP rate schedule.

(4) For all other customers in Capped Classes, the Monthly Cap will be the customer's monthly maximum hourly kW under the related rate schedule during the peak hours as defined herein, summed for the 12-month period ended April 30, 1999 or alternate period applicable to any SIP customer and divided by the number of months during which the customer actually consumed power under the rate schedule. For monthly service in excess of the Monthly Cap(s), the charge associated with customer's non-capped Transition Charge Class will apply. If the customer is served at distribution voltage and did not have service associated with one of the six non-capped Transition Charge Classes, the customer will be required to pay the Transition Charges applicable to the LGS Class for all monthly service in excess of its Monthly Cap. If the customer is served at transmission voltage and did not have service associated with one of the six non-capped Transition Charge Classes, the customer will be required to pay the Transition Charges applicable to the LOS-A Class for all monthly service in excess of its Monthly Cap.

The categories of service historically provided by HL&P ceased to exist after electric business activities were unbundled pursuant to Section 39.051 of the Utilities Code. Similarly, since the advent of customer choice under Section 39.102 of the Utilities Code, retail customers receive service that may not only have different names, but may have different characteristics than the service historically provided by HL&P. The classifications set out in the preceding paragraphs will be applied to determine the Transition Charge applicable to each customer without regard to the descriptions that may be used to describe the services currently provided to retail customers.

## **SECTION 5: PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS**

The initial Periodic Billing Requirement Allocation Factors ("PBRAF") for each Transition Charge Class are set out below. These initial PBRAs will remain in effect throughout the life of the transition bonds unless a modification of the factors is made pursuant to the allocation factor adjustment provisions in Section 6 of this Schedule TC2:

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***INITIAL PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS***

<b><i>TRANSITION CHARGE CLASS</i></b>	<b><i>PBRAAF</i></b>
Residential	40.0412%
MGS	29.0309%
LGS	16.1206%
LOS-A	4.7917%
LOS-B	2.7598%
Non-Metered Lighting	0.6600%
<b><i>CAPPED CLASSES</i></b>	
Standby Electric Service-Distribution	0.0323%
Interruptible Service Supplemental- Distribution	0.1578%
Interruptible Service –Thirty Minute Notice	1.0392%
Interruptible Service –Ten Minute Notice	1.8814%
Interruptible Service – Instantaneous	0.2454%
Interruptible Service Supplemental – Transmission	0.0672%
Standby Electric Service – Transmission	0.2383%
Standby Interruptible Service	0.2076%
Special Contract Pricing	2.7266%

**SECTION 6: ALLOCATION FACTOR ADJUSTMENTS**

The PBRAFs will be subject to adjustment using the procedures in this Section 6. Any adjustment required under this Section 6 will be made effective on the date of an annual Standard True-up Adjustment. Required adjustments will be made in the following order: first, adjustments will be made under Part A; second, adjustments will be made under Part B; and third, adjustments will be made under Part C.

For purposes of determining whether an allocation adjustment is required under Parts B and C of this Section 6 and adjusting PBRAFs pursuant to those Parts, the Transition Charge Classes will be combined into three groups (TC Groups) as follows:

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***TC GROUPS***

<b><i>TC GROUP</i></b>	<b><i>TRANSITION CHARGE CLASSES</i></b>	<b><i>INITIAL GROUP ALLOCATION PERCENTAGE</i></b>
Residential	Residential	40.0412%
Commercial	MGS, LGS, Non-Metered Lighting	45.8115%
Industrial	All other Transition Charge Classes	14.1473%

**Part A: Adjustments Due to Load Loss Qualifying under Utilities Code Section 39.262(k)**

The PBRAFs shall be adjusted consistent with the Utilities Code to reflect the loss of loads due to operations of facilities that are “Eligible Generation” as defined in PUC Subst. Rule 25.345 (c) (2) (“Eligible Generation”) except that this Part A shall not apply to, and the term "Eligible Generation" shall not include, load loss due to installation and operation of small power production facilities with a rated capacity of 10 megawatts or less. Any adjustments required under this Part A will be calculated as follows:

Step 1 – The Company will determine the amount of service provided during the twelve months ended April 30, 1999 that has been replaced by Eligible Generation (excluding amounts reflected in either the Initial PBRAFs or a prior adjustment under this Part A) and sum the losses by Transition Charge Class.

Step 2 – The Company will recalculate the PBRAFs for all Transition Charge Classes using the spreadsheet and data used to compute the initial PBRAFs but reducing the demand allocation factors for each Transition Charge Class to reflect the cumulative losses for that class as calculated under Step 1 (including losses for which PBRAF adjustments were made in prior years). No other changes to the spreadsheet or data used to compute the initial PBRAFs will be made. Appendix A to this Schedule TC2 contains the spreadsheet and data used to compute the initial PBRAFs.

Step 3 – An Adjusted Group Allocation Percentage for each TC Group shall then be calculated as the sum of the Adjusted PBRAFs (computed under Step 2) for all Transition Charge Classes within the TC Group.

**Part B: Inter-Group Adjustments Due to Cumulative Load Loss Not Attributable to Eligible Generation**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set Transition Charges for each Transition Charge

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Class during the ensuing year to the billing determinants in effect on the original effective date of Schedule TC2 (adjusted to exclude any billing determinants attributable to Eligible Generation if any adjustment was made under Part A after the original effective date) (such billing determinants as adjusted are hereafter referred to as the “Base Billing Determinants”). The PBRAFs of all Transition Charge Classes in all TC Groups will be adjusted if one or more TC Groups experience load loss (calculated excluding load loss attributable to Eligible Generation for which adjustments have been made under Part A but including load loss attributable to small power production facilities of 10 megawatts or less) aggregating 50% or more on a cumulative basis when measured against the Base Billing Determinants. The adjustments under this Part B will be made using the following procedures:

Step 1:

For each TC Group, if $CTCOL_G / PBR_G \geq 0.50$	Then, no PBRAF adjustment will occur and any adjustment made in previous years under Part B shall be reversed
For each TC Group, if $CTCOL_G / PBR_G < 0.50$	Then, a PBRAF adjustment will be calculated pursuant to Steps 2 through 5.
<p>Where:</p> <p><math>CTCOL_G</math> = cumulative test collections for group <math>G = \sum CC_c * FBU_c</math> for all classes (c) in Group (G)</p> <p><math>FBU_c</math> = forecasted billing determinants for class c</p> <p><math>CC_c</math> = cumulative test charge for class c = <math>\{PBRAF_c * PBR_T\} / BBD_c</math></p> <p><math>PBRAF_c</math> = the PBRAFs then in effect, or if an adjustment has been made under Part A, the adjusted PBRAFs from Part A</p> <p><math>PBR_T</math> = total periodic billing requirement for upcoming period</p> <p><math>BBD_c</math> = Base Billing Determinants for class c</p> <p><math>PBR_G</math> = periodic billing requirement for group = <math>\sum PBRAF_c * PBR_T</math> for all classes in G</p>	

Step 2:

For each TC Group in Step 1 where  $CTCOL_G / PBR_G < 0.50$ , a reduction amount ( $RED_G$ ) will be calculated for group G where

$$RED_G = 0.5 (PBR_G - CTCOL_G)$$

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Step 3:

For all TC Groups, a reallocation amount for that group ( $RA_G$ ) shall be calculated where:

$$RA_G = GAP_G * \{\Sigma RED_G\} \text{ for all Groups}$$

Where:

$$GAP_G = \text{Group Allocation Percentage} = \Sigma PBRAF_c \text{ for all classes in the group}$$

Step 4:

For all TC groups a Group Allocation Percentage Adjustment ( $GAPA_G$ ) shall be calculated where:

$$GAPA_G = (RA_G - RED_G) / PBR_T$$

Where:

$$\Sigma GAPA_G = 0 \text{ for all } G$$

Step 5:

For all TC classes, the PBRAF adjustment for class c ( $PBRAFA_c$ ) will be calculated for use in calculating adjustments to the Transition Charges under Section 8, Part A where

$$PBRAFA_c = GAPA_G * (PBRAF_c / GAP_G)$$

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### **Part C: Inter-Group Adjustments Due to Year-Over-Year Load Loss Not Attributable to Eligible Generation**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set Transition Charges for each Transition Charge Class during the ensuing year to the forecasted billing determinants used to develop the then currently effective Transition Charges for the class minus the Eligible Generation load loss for the class determined in Step 1 of Part A after the billing determinant for the currently effective Transition Charges was determined (such adjusted amount is hereinafter referred to as the “Prior Year Billing Determinant”). The PBRAFs of all Transition Charge Classes in all TC Groups will be adjusted if (i) one or more TC Groups experience load loss (calculated excluding load loss attributable to Eligible Generation for which adjustments have been made under Part A but including load loss attributable to small power production facilities of 10 megawatts or less) of 10% or greater on a year-over-year basis when compared to the Prior Year Billing Determinants or (ii) any TC Group for which an adjustment was made under this Part C in one or more prior years experiences load growth resulting in projected billing determinants for the current year at a level which, if they had existed in one or more of such prior year(s) would have resulted in no adjustment to PBRAFs in such prior year(s). No reduction in PBRAFs will be made under this Part C for any TC Group for which a reduction amount was computed under Step 5 of Part B. The adjustments under this Part C will be made using the following procedures:

#### Step 1:

For each TC Group not adjusted under Part B,

If $YTCOL_G / PBR_G \geq 0.90$	Then, no PBR AF adjustment will occur.
If $YTCOL_G / PBR_G > 1.00$	Then, no PBR AF adjustment will occur and any prior year adjustments made under C will be reversed pursuant to step 6.
If $YTCOL_G / PBR_G < 0.90$	Then, a PBR AF adjustment will be calculated pursuant to Steps 2 through 5.

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Where:

$YTCOL_G$  = year-to-year test collections for group G =  $\sum YC_c * FBU_c$  for all classes (c) in Group (G)

$FBU_c$  = forecasted billing determinants for class c

$YC_c$  = year-to-year test charge for class c =  $\{PBRAF_c * PBR_T\} / FBU_c^{-1}$

$PBRAF_c$  = the PBRAFs then in effect, or if an adjustment has been made under Part A, the adjusted PBRAFs from Part A

$PBR_T$  = total periodic billing requirement for upcoming period

$FBU_c^{-1}$  = prior year's forecasted billing determinants for class c

$PBR_G$  = periodic billing requirement for group =  $\sum PBRAF_c * PBR_T$  for all classes in the group

Step 2:

For each TC Group in Step 1 where  $YTCOL_G / PBR_G < 0.90$ , a year to year reduction amount ( $YRED_G$ ) shall be calculated where

$$YRED_G = 0.9 (PBR_G - YTCOL_G)$$

Step 3:

For all TC Groups, a year to year reallocation amount ( $YRA_G$ ) shall be calculated where:

$$YRA_G = GAP_G * \{\sum YRED_G\} \text{ for all groups}$$

Where:

$GAP_G$  = Group Allocation Percentage =  $\sum PBRAF_c$  for all classes in the group

Step 4:

For all TC groups a year to year group allocation percentage adjustment ( $YGAPA_G$ ) shall be calculated where:

$$YGAPA_G = (YRA_G - YRED_G) / PBR_T$$

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Where  $\sum GAP_A = 0$  for all G

Step 5:

For all TC classes, a year to year PBRAF adjustment (YPBRAFA<sub>c</sub>) shall be calculated for use in calculating adjustments to the Transition Charges under Section 8, Part A where:

$$YPBRAFA_c = YGAP_A * (PBRAF_c / GAP_G)$$

Step 6:

if  $\{\sum (YC_c * FBU_c)\} / \{\sum (YC_c * FBU_c^{t-1})\} \geq .90$  (for all classes in group G) then the adjustment made in year t shall be discontinued.

if  $\{\sum (YC_c * FBU_c)\} / \{\sum (YC_c * FBU_c^{t-1})\} < .90$  (for all classes in group G) then the adjustment made in year t carries forward.

Where  $FBU_c^{t-1}$  is the forecasted billing determinants from the year prior to the year an adjustment was made adjusted to reflect any adjustments made under part A between year t-1 and the current year.

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#### **Part D: Adjustments to Base Class Allocations**

The methodology used to allocate qualified costs and determine Transition Charges shall not be changed except in the limited circumstance described in this paragraph. If, but only if, the total retail stranded costs (determined pursuant to Section 39.253 of the Utilities Code) on a statewide basis exceed \$5 billion, then the qualified costs attributable to the Company's share of the statewide stranded costs in excess of \$5 billion shall be reallocated using the allocation methodology prescribed in Section 39.253(f) of the Utilities Code. The Company's share of the statewide stranded costs in excess of \$5 billion shall be determined by multiplying (i) the percentage obtained by dividing the Company's total stranded costs (determined pursuant to Section 39.253(f)) by the total statewide stranded costs (determined pursuant to Section 39.253(f)) by (ii) the amount by which the total statewide stranded costs (determined pursuant to Section 39.253(f)) exceed \$5 billion. The qualified costs attributable to the Company's share of the statewide stranded costs shall then be determined by multiplying (i) the Company's share of the statewide stranded costs by (ii) the percentage obtained by dividing (a) the Company's stranded costs (determined pursuant to Section 39.253(f)) which were securitized pursuant to the Financing Order dated March 16, 2005 in Docket No. 30485 by (b) the Company's total stranded costs (determined pursuant to Section 39.253(f)). The Company shall file the adjustments required herein, within 45 days after the Commission issues any order determining a utility's stranded costs or regulatory assets that causes the total statewide stranded costs (determined pursuant to Section 39.253(f)) to exceed \$5 billion or changes the amount by which the total statewide stranded costs (determined pursuant to Section 39.253(f)) exceed \$5 billion. Any changes in Transition Charges resulting from a change in the initial or adjusted PBRAFs under this Part D shall be made prospectively from the date of the Commission's order approving adjusted PBRAFs under this Part D. No change in an initial or adjusted PBRAF shall cause the sum of all PBRAFs to be more than or less than 100% or change the total Periodic Billing Requirement for any period. Transition Charges for services rendered prior to such effective date will not be changed. Future changes to the PBRAFs underlying the recomputed Transition Charges, if necessary under Parts A – D of this Section 6 will be computed pursuant to this Section 6 using the initial and adjusted PRBAFs as determined by the Commission pursuant to this Part D.

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**SECTION 7: TRANSITION CHARGES**

The Transition Charges to be applied beginning on the effective date of this Schedule TC2 are set out below. Transition Charges to be applied in subsequent periods (Adjusted Transition Charges) will be determined in the manner described in Section 8.

***TRANSITION CHARGES***

<b><i>TRANSITION CHARGE CLASS</i></b>	<b><i>PER UNIT CHARGE</i></b>	<b><i>BILLING UNIT</i></b>
Residential	\$0.003162	Per kWh
MGS	\$0.347575	Per kW
	\$0.002560	Per kWh
LGS	\$1.113893	Per kVa
	\$1.722879	Per kW
LOS-A	\$0.765950	Per kW
LOS-B	\$1.300978	Per kW
Non-Metered Lighting	\$0.003598	Per kWh
<b><i>CAPPED CLASSES:</i></b>		
Standby Electric Service-Distribution	\$0.371432	Per kW
Interruptible Service Supplemental- Distribution	\$2.606749	Per kW
Interruptible Service –Thirty Minute Notice	\$0.779609	Per kW
Interruptible Service –Ten Minute Notice	\$0.393263	Per kW
Interruptible Service – Instantaneous	\$0.863550	Per kW
Interruptible Service Supplemental - Transmission	\$0.950581	Per kW
Standby Electric Service - Transmission	\$0.379268	Per kW
Standby Interruptible Service	\$0.116350	Per kW
Special Contract Pricing	\$1.344744	Per kW

The Transition Charges shall be applied on a kW basis for all service provided at Transmission voltage and for all service provided to Capped Classes and to any LGS customer that also received SES-Distribution service. The kW to be used in calculating the bill for those customers obligated to pay on a kW basis will be the highest kW for the month measured over a one hour period occurring on weekdays (Monday through Friday) during the sixteen hours beginning with

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and including the hour that ends at seven (a.m.) (07:00) and extending until the hour that ends at ten p.m. (22:00), local time (central standard or central daylight saving time, as appropriate).

Except for customers in the MGS class, the Transition Charges shall be applied on a kVa basis for all service provided at distribution voltage (other than service at distribution voltage to Capped Classes or to LGS customers that also received SES-Distribution service) and whose kVa is greater than 10 kVa in the billing month. The kVa will be the highest kVa measured over a 15 minute period during the month if the metering equipment has indicators for measuring and recording only the highest demand during the billing period, otherwise if the metering equipment measures and records continuously for all 15 minute periods the kVa will be the average of the 4 highest 15 minute periods measured during the billing period. If the demand meters used to meter service to a customer measure service is on a kW basis instead of a kVa basis or measure in intervals different than 15 minutes (*e.g.* 5, 10, 30 minutes) the transition charge to the customer will be based on the kW with the interval measurement period closest to a 15 minute period.

Transition Charges will be applied on a kWh basis for those customers with watt-hour meters and those customers with demand meters whose measured demand is 10 kVa or less, all Residential customers, all Non-Metered Lighting customers and all MGS customers served at distribution voltage.

Each retail customer shall be obligated to pay Transition Charges for its applicable class. The Transition Charge shall be applied to all service received by the customer during the applicable billing period. If a customer was taking service in more than one rate class through one point of service on April 30,1999, or on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, its Transition Charges shall be determined as follows:

1. For customers taking service under two or more rates through a single meter, the following order will be used to determine Transition Charges for the customer:
  - (a) If the customer takes service in one or more Capped Classes (other than SCP) through a single meter, the service shall be allocated first to Capped Classes in ascending order of unit Transition Charges beginning with the Capped Class with the lowest unit Transition Charge. All service to the customer, up to the lesser of (i) the highest hourly on-peak kW for total premises load (Total kW) or the Monthly Cap for the class, shall be deemed to be service under the Capped Class with the lowest unit Transition Charge. If the Total kW is greater than the Monthly Cap for the class with lowest unit Transition Charge, the difference up to the Monthly Cap for the Capped Class with the next lowest unit Transition

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Charge will be deemed to be service under the Capped Class with the next lowest unit Transition Charge. The remainder will then similarly be allocated to each other Capped Class under which the customer is served until the Total kW has been allocated or all applicable Monthly Caps have been reached.

- (b) If the total amount allocated to Capped Classes under (a) is less than the Total kW, the remainder, up to the Monthly Cap for SCP shall be deemed to be service provided under SCP.
- (c) Any amount remaining after the allocations in (a) and (b) will be deemed to be service provided under the Transition Charge Class (other than Capped Classes and SCP) that is applicable to the customer. If the customer is not otherwise taking service under any Transition Charge Class (other than Capped Classes and SCP) the amount remaining after the allocations in (a) and (b) shall be deemed to be service under LOS-A, if the customer is served at transmission voltage, or under LGS, if the customer is served at distribution voltage.

In addition, each customer which has New On-Site Generation shall pay an amount each month computed by multiplying the output of the on-site generation used to serve the internal electric requirements of the customer (either kW or kVa, as determined by the Transition Charge class for which the customer would qualify if it were being served by the Company or an REP) by the Transition Charge in effect for services provided to customers in that class during the month. This amount shall be in addition to any Transition Charges applicable to energy or demand actually delivered to the customer through the Company's or another T&D Provider's facilities.

#### **SECTION 8: STANDARD TRUE-UP FOR ADJUSTMENT OF TRANSITION CHARGES**

Transition Charges will be adjusted annually effective on December 1st to ensure that the expected collection of Transition Charges is adequate to pay principal and interest on the transition bonds when due pursuant to the expected amortization schedule, pay as due all other qualified costs and to fund the overcollateralization account to the required level. In addition to these annual true-up adjustments, true-up adjustments may be made more frequently at any time during the term of the transition bonds to correct any undercollection or overcollection, as provided for in the Financing Order, in order to assure timely payment of transition bonds based on rating agency and bondholder considerations. In addition to the foregoing, either of the following two conditions may result in an interim true-up adjustment in the month prior to an upcoming transition bond principal payment date:

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- (a) The collection of transition charges for the upcoming payment date will result in a difference that is greater than 5% in absolute value, between (i) the actual outstanding principal balances of the transition bonds plus amounts on deposit in the reserve subaccount and (ii) the outstanding principal balances anticipated in the target amortization schedule; or
- (b) To meet a rating agency requirement that any series of transition bonds be paid in full by the expected maturity date for any series of transition bonds that matures after a date determined mutually, at the time of pricing by CenterPoint Houston and the Commission's designated personnel or financial advisor.

In no event will interim true-up adjustments occur more frequently than every three months if quarterly transition bond payments are required or every six months if semi-annual transition bond payments are required; provided, however, that interim true-up adjustments for any transition bonds remaining outstanding during the fourteenth and fifteenth year after the bonds are issued may occur quarterly.

All annual and interim adjustments will be designed to cause (i) the outstanding principal balance of the transition bonds to be equal to the scheduled balance on the expected amortization schedule; (ii) the amount in the overcollateralization subaccount to be equal to the required overcollateralization level; (iii) the amount in the capital subaccount to be equal to the required capital plus any investment earnings on amounts in the capital subaccount to the extent that the investment earnings have not been released to the SPE and (iv) the reserve subaccount to be zero by the payment date immediately preceding the next adjustment or by the final payment date, if the next payment date is the final payment date.

#### **Part A: TRUE-UP ADJUSTMENT PROCEDURE FOR STANDARD AND INTERIM TRUE-UPS**

Servicer will calculate the Adjusted Transition Charges using the methodology described below and will file the Adjusted Transition Charges with the Commission. Annual adjustments will be filed 15 days prior to the effective date of the Adjusted Transition Charges unless an adjustment to the PBRAFs is required under Section 6 (including Intra-Group Allocation Adjustments under Part D of Section 6) in which case the annual adjustment will be filed not later than 90 days prior to the effective date. Interim Adjustments will be filed not less than 15 days prior to the effective date of the Adjusted Transition Charges.

The Adjusted Transition Charge for the upcoming period for each class (TC<sub>c</sub>) shall be computed as follows:

For the residential class,

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$$TC_c = PBR_T * (PBR AF_c + PBRAF A_c + YPBRAF A_c^t) / FBU_c$$

For classes in the Commercial and Industrial TC Groups, except if any class in the Industrial Group is forecast for the ensuing period to experience more than a 10% reduction in billing determinants compared to the industrial base billing determinants for that class, then the transition charges for the classes within the Industrial TC Group will be determined according to Section 8, Part B:

$$TC_c = TC_c^{-1} \{ \Sigma [PBR_T * (PBR AF_c + PBRAF A_c + YPBRAF A_c^t)] / \Sigma (TC_c^{-1} * FBU_c) \}$$

For all classes in the applicable group.

Where

$TC_c^{-1}$  = the transition charge for that class from the previous period

$PBR_T$  = Periodic Billing Requirement for the ensuing period (the 12 months beginning on the effective date of the adjusted transition charges in the case of annual true-ups and the period until the next scheduled annual true-up in the case of interim adjustments). The Periodic Billing Requirement will be the amounts required to pay principal and interest on the transition bonds when due pursuant to the expected amortization schedule, pay as due all other qualified costs, fund the overcollateralization account to the required level, and recover any net system under-collections or credit any net system over-collections so that (i) the outstanding principal balance of the transition bonds will be equal to the scheduled balance on the expected amortization schedule; (ii) the amount in the overcollateralization subaccount will be equal to the required overcollateralization level; (iii) the amount in the capital subaccount will be equal to the required capital plus any investment earnings on amounts in the capital subaccount to the extent that the investment earnings have not been released to the SPE and (iv) the reserve subaccount will be zero by the payment date immediately preceding the next adjustment or by the final payment date, if the next payment date is the final payment date.

$PBR AF_c$  = the PBR AFs then in effect, or if an adjustment has been made under Section 6, Part A, the adjusted PBR AFs from Section 6, Part A.

$PBR AF A_c$  = the adjustment (if any) from Section 6, Part B, Step 5

$YPBRAF A_c^t$  = the adjustment from Section 6, Part C, Step 5 for every year t in which an adjustment was made unless that adjustment was discontinued under Section 6, Part C, Step 6.

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$FBU_c$  = the forecasted billing determinants for the upcoming period

**Part B: Intra Industrial Group Adjustments Due to Cumulative Load Loss Not Attributable to Eligible Generation**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set Transition Charges for each Industrial Group Transition Charge Class during the ensuing year to the billing determinants for the period November 2003 through October 2004 (adjusted to exclude any billing determinants attributable to Eligible Generation if any adjustment was made under Section 6, Part A after October 2004) (such billing determinants as adjusted are hereafter referred to as the “Industrial Base Year Billing Determinants”). The Transition Charges of all Transition Charge Classes in the Industrial TC Group will be adjusted if one or more Transition Charge Classes experience load loss (calculated excluding load loss attributable to Eligible Generation for which adjustments have been made under Section 6, Part A but including load loss attributable to small power production facilities of 10 megawatts or less) aggregating more than 10% on a cumulative basis when measured against the Industrial Base Year Billing Determinants. The adjustments under this Part B will be made using the following procedures:

Step 1:	
If $FBU_c / IBD_c \geq 0.90$ for each Industrial TC Class	Then, no adjustments will occur under this Section 8, Part B and the transition charge for each Industrial TC class will be calculated under Section 8, Part A.
If $FBU_c / IBD_c < 0.90$ for any Industrial TC Class (Load Loss Class)	Then, adjustments will be calculated pursuant to Steps 2 through 6.
Where:	
$FBU_c$ = forecasted billing determinants for class c	
$IBD_c$ = Industrial Base Year Billing Determinants for class c	

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**Step 2:**

For each Industrial TC Class in Step 1 where  $FBU_c / IBD_c < 0.90$ , a reduction amount ( $RED_c$ ) will be calculated as follows:

$$RED_c = PBR_c - TLL_c$$

Where:

$$PBR_c = PBR_T * PBRAF_c$$

$$TLL_c = \text{Test Collections with 10\% Load Loss for Class } c = [PBR_c / (IBD_c * 0.9)] * FBU_c$$

$PBR_T$  = total periodic billing requirement for upcoming period

$PBRAF_c$  = the PBRAFs then in effect, including any adjustment made under Section 6, Part A; plus any adjustment made under Section 6, Part B and Section 6, Part C unless the adjustment was discontinued.

**Step 3:**

For each Industrial TC class for which a reduction amount was not calculated in Step 2 and whose  $TC_c^{-1} \leq TC_{LOSA}^{-1}$ , a reallocation amount shall be calculated as follows:

$$RA_c = IAP_c * \sum RED_c \text{ for all classes}$$

Where:

$IAP_c$  = Intra-Group Allocation Percentage for class  $c = PBRAF_c / \sum PBRAF_c$  for all Industrial TC Classes for which a reduction amount was not calculated in Step 2 and whose  $TC_c^{-1} \leq TC_{LOSA}^{-1}$

$TC_{LOSA}^{-1}$  = Transition Charge implemented for the LOSA TC class in the last true-up filing

$TC_c^{-1}$  = Transition Charge implemented for class  $c$  in the last true-up filing

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**Step 4:**

The adjusted transition charge for a class ( $TC_c$ ) shall be calculated as follows:

For those Industrial TC Classes receiving a reallocation amount in Step 3:

$$TC_c = [PBR_c + RA_c] / FBU_c$$

For all other Industrial TC Classes:

$$TC_c = [PBR_c - RED_c] / FBU_c$$

**Step 5:**

Calculate the percent increase in the Transition Charge from the Base Year as follows:

$$PI_c = (TC_c / TC_c^{BASE}) - 1$$

Where:

$TC_c$  = The adjusted transition charge calculated in Step 4

$TC_c^{BASE}$  = The transition charge calculated using the Industrial Base Year Billing Determinants.

**Step 6:**

- A. For any Industrial TC Class where PI is less than the PI for the TC Classes identified in Step 1 as Load Loss Classes:

$$TC_c^{FINAL} = TC_c$$

- B. If PI for any Industrial TC Class is greater than or equal to the PI for the Load Loss Classes identified in Step 1, then calculate an initial Equal Percent Increase for that class and the Load Loss Classes identified in Step 1:

$$TC_c^{FINAL} = TC_c^{BASE} * (1 + EPI^{INITIAL})$$

Where:

$EPI^{INITIAL}$  = initial Equal Percent Increase =  $\Sigma (TC_c * FBU_c) / \Sigma (TC_c^{BASE} * FBU_c)$   
for only those Industrial TC Classes identified in Step 1 as Load Loss Classes and TC classes with a PI greater than or equal to those Industrial TC Load Loss Classes identified in Step 1.

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- C. In the event that  $EPI^{INITIAL}$  for any Industrial TC Class, other than a Load Loss Class identified in Step 1, exceeds the  $PI_c$  calculated in Step 5, then for that Class,

$$TC_c^{FINAL} = TC_c$$

- D. For the remaining classes, a final Equal Percent Increase will be calculated to reflect the exclusion of the Classes identified in Step 6, Parts A and C above as follows:

$$TC_c^{FINAL} = TC_c^{BASE} * (1 + EPI^{FINAL})$$

Where:

$$EPI^{FINAL} = \text{final Equal Percent Increase} = \frac{\sum (TC_c * FBU_c)}{\sum (TC_c^{BASE} * FBU_c)} \text{ for only those Industrial TC Classes remaining in Step 6, Part D.}$$

## SECTION 9: BILLING AND COLLECTION TERMS AND CONDITIONS

Transition Charges will be billed and collected as set forth in this Schedule TC2. The terms and conditions for each party are set forth below.

### A. Billings by Servicer to other T or D Providers:

1. Transition Charges applicable to former retail customers of the Company in multiply certificated service areas who are now taking service directly from other T or D Providers or through REPs served by other T or D Providers will be billed to and collected from the other T or D Provider, which, in turn will be responsible for collecting the Transition Charges from the retail customers and REPs.
2. The T or D Provider shall pay all Transition Charges not later than 35 days after bill is mailed by Servicer. The T or D Provider shall make such payment regardless of whether it collects such charges from the end-use retail customer or REP.

### B. Billings by Servicer to New On-Site Generation:

1. Customers subject to Transition Charges for New On-Site Generation shall pay such charges in full not later than sixteen days after the date the bill is mailed to the customer.
2. Transition Charges applicable to New On-Site Generation are in addition to applicable transition charges under A above or C below.

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3. If the entity with New On-Site Generation receives transmission or distribution service from the Company or another T or D Provider, Servicer shall have the same right to terminate service or require the other provider to terminate service for non-payment of Transition Charges as the Company has to terminate service for non-payment of charges under the Company's rate schedules. Any termination shall comply with applicable Commission rules.

C. Billings by the REP or its replacement to end-use customers:

1. REPs will bill and collect, or cause to be billed and collected, all Transition Charges applicable to consumption by retail customers served by the REP.
2. If Servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If Servicer is not providing the metering, the entity providing metering services will be responsible for complying with Commission rules and ensuring that Servicer and the REP will receive timely and accurate metering data in order for Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.
3. Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (A) a deposit of two months' maximum expected Transition Charge collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of Transition Charge collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The indenture trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit ratings of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.
4. If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below "BBB-" or "Baa3" (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business

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days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in paragraph 3 of Section D, Billings by Servicer to the REP or its replacement (when applicable).

5. The computation of the size of a required deposit shall be agreed upon by Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum collections. Within 10 business days following such review, (1) the REP shall remit to the indenture trustee the amount of any shortfall in such required deposit or (2) Servicer shall instruct the indenture trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the Section D, Billings by Servicer to the REP or its replacement (when applicable). REP cash deposits shall be held by the indenture trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the transition bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the indenture trustee. At the instruction of Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the transition bonds unless otherwise utilized for the payment of the REP's obligations for Transition Bond payments. Once the deposit is no longer required, Servicer shall promptly (but not later than 30 calendar days) instruct the indenture trustee to remit the amounts in the segregated accounts to the REP.
6. In the event that a REP or the Provider of Last Resort (POLR) is billing customers for Transition Charges, the REP shall have the right to transfer the customers to the POLR (or to another certified REP) or to direct Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

D. Billings by Servicer to the REP or its replacement (when applicable):

1. Servicer will bill and collect from REPs all Transition Charges applicable to consumption by retail customers served by the REP, including applicable customers served by New On-Site Generation.
2. Payments of Transition Charges are due 35 calendar days following each billing by Servicer to the REP, without regard to whether or when the REP receives payment from the end-use retail customers. Servicer shall accept payment by electronic funds transfer, wire transfer, and/or check. Payment will be considered received the date the electronic funds transfer or wire transfer is received by Servicer, or the date the check clears. A 5% penalty is to be charged on amounts

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received after 35 calendar days; however, a 10 calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in paragraph 3 of this Section D. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to Servicer. The “current amount” consists of the total unpaid Transition Charges existing on the 36<sup>th</sup> calendar day after billing by Servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against Transition Charge obligations. A REP shall not be obligated to pay the overdue Transition Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue Transition Charges as a condition of receiving the customers of another REP that has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such Transition Charges; however, the prior REP shall not be relieved of the previously-assessed penalties.

3. After the 10 calendar-day grace period (the 45<sup>th</sup> calendar day after the billing date), Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof provided by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid Transition Charges and associated penalties due Servicer after the application of the REP’s deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in paragraphs 4 and 5 of Section C and paragraph 2 of this Section D shall select and implement one of the following options:
  - (a) Allow the POLR or a qualified REP of the customer’s choosing to immediately assume the responsibility for the billing and collection of Transition Charges.
  - (b) Immediately implement other mutually suitable and agreeable arrangements with Servicer. It is expressly understood that Servicer’s ability to agree to any other arrangements will be limited by the terms of the Servicing Agreement and requirements of rating agencies that have rated the transition bonds necessary to avoid suspension, withdrawal or downgrade of the ratings on the transition bonds.
  - (c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by Servicer with such amounts to be applied first to pay Transition Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

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If a REP that is in default does not immediately select and implement one of the options specified in (a), (b) or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then Servicer shall immediately implement option (a), subject to the limitations and requirements of the bankruptcy code if the REP is a debtor in bankruptcy. Upon re-establishment of compliance with the requirements set forth in paragraphs 4 and 5 of Section C and paragraph 2 of this Section D and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this paragraph 3.

4. The POLR appointed by the Commission must meet the minimum credit rating or deposit/credit support requirements described in paragraph 3 of Section C (“Billings by the REP or its Replacement to end-use customers”) in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of Transition Charges will immediately be transferred to and assumed by Servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or Servicer for any amount of Transition Charges they have paid their REP (although future Transition Charges shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in paragraph 2 of this Section D is the sole remaining past-due amount after the 45<sup>th</sup> calendar day, the REP shall not be required to comply with clauses (a), (b) or (c) of paragraph 3 of this Section D, unless the penalty is not paid within an additional 30 calendar days.
5. In the event that Servicer is billing customers for Transition Charges, Servicer shall have the right to terminate transmission and distribution service to the end-use customer for non-payment by the end use customer pursuant to applicable Commission rules.
6. The REP will be allowed to hold back an allowance for charge-offs in its payments to Servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, REPs will be allowed to remit payments based on the same charge-off percentage then being used by the REP to remit payments to the servicer in connection with transition charges related to transition bonds issued by CenterPoint Energy Transition Bond Company, LLC on October 24, 2001. On an annual basis in connection with the true-up adjustment process, the REP and Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and Servicer, provided that:

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- (a) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (*i.e.*, all amounts due the REP for its own account as well as the portion representing Transition Charges) have been written off.
  - (b) The REP's recourse will be limited to a credit against future Transition Charge payments unless the REP and Servicer agree to alternative arrangements, but in no event will the REP have recourse to the indenture trustee, the SPE or the SPE's funds for such payments.
  - (c) The REP shall provide information on a timely basis to Servicer so that Servicer can include the REP's default experience and any subsequent credits into its calculation of the adjusted Transition Charge rates for the next transition charge billing period and the REP's rights to credits will not take effect until such adjusted Transition Charge rates have been implemented.
7. In the event that a REP disputes any amount of billed Transition Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in paragraph 2 of this Section D. The REP and Servicer shall first attempt to informally resolve the dispute, but if they fail to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to Servicer at the Commission-approved interest rate. Disputes about the date of receipt of Transition Charge payments (and penalties arising thereof) or the size of a required REP deposit will be handled in a like manner. It is expressly intended that any interest paid by Servicer on disputed amounts shall not be recovered through Transition Charges if it is determined that Servicer's claim to the funds is clearly unfounded. No interest shall be paid by Servicer if it is determined that Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to Utilities Code Section 39.107.
  8. If Servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If Servicer is not providing the metering, the entity providing metering services will be responsible for complying with Commission rules and ensuring that Servicer and the REP will receive timely and accurate metering data in order for Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

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### **OTHER TERMS AND CONDITIONS**

If the customer or REP pays only a portion of its bill, a pro-rata portion of Transition Charge revenues shall be deemed to be collected. The Company will allocate any shortfall first, ratably based on the amount owed for Transition Charges and the amount owed for other fees and charges, other than late charges, owed to the Company or any successor, and second, all late charges shall be allocated to the Company or any successor.

If the Company does not regularly include the notice described below in the bills sent by it to REPs or directly to retail customers, then at least once each year the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the amount billed includes Transition Charges which were authorized by the Financing Order dated March 16, 2005 and have been transferred to and are being collected on behalf of CenterPoint Energy Transition Bond Company II, LLC and are not owned by the Company. In the customer's initial bill from the REP and at least once each year thereafter, each REP that bills Transition Charges shall cause to be prepared and delivered to its customers a notice stating, in effect, that the amount billed includes Transition Charges which were authorized by the Financing Order dated March 16, 2005 and have been transferred to and are being collected on behalf of CenterPoint Energy Transition Bond Company II, LLC and are not owned by the REP or the Company, and that under certain circumstances described in Schedule TC2 Servicer may be permitted to collect the Transition Charges directly from the retail customer. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to REPs or customers by electronic means or such other means as Servicer or the REP may from time to time use to communicate with their respective customers.

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**ATTACHMENT 1****PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS**

<b>TRANSITION CHARGE CLASS</b>	<b>PBRAFF Effective 12-1-08</b>
Residential	40.4859 %
MGS	29.1622 %
LGS	16.1753 %
LOS-A	4.6947%
LOS-B	2.7249 %
Non-Metered Lighting	0.5518 %
<b>CAPPED CLASSES</b>	
Standby Electric Service-Distribution	0.0319 %
Interruptible Service Supplemental- Distribution	0.1382 %
Interruptible Service –Thirty Minute Notice	0.9595 %
Interruptible Service -Ten Minute Notice	1.7179 %
Interruptible Service – Instantaneous	0.2159 %
Interruptible Service Supplemental- Transmission	0.0650 %
Standby Electric Service – Transmission	0.2495 %
Standby Interruptible Service	0.1902 %
Special Contract Pricing	2.6371 %

**TC GROUPS**

<b>TC GROUP</b>	<b>TRANSITION CHARGE CLASSES</b>	<b>GROUP ALLOCATION PERCENTAGE Effective 12-1-08</b>
Residential	Residential	40.4859 %
Commercial	MGS, LGS, Non-Metered Lighting	45.8893 %
Industrial	All other Transition Charge Classes	13.6248 %

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### 6.1.1.2.3 SCHEDULE TC3 - TRANSITION CHARGES

#### SECTION 1: APPLICABILITY

This schedule sets out the rates and terms and conditions under which Transition Charges will be billed and collected by CenterPoint Energy Houston Electric, LLC (Company), any successor servicer(s) and any retail electric providers (REP) or collection agents billing or collecting Transition Charges on behalf of CenterPoint Energy Transition Bond Company III, LLC (SPE). The Transition Charges were authorized by the Financing Order approved by the Public Utility Commission of Texas (Commission) in Docket No. 34448 on September 18, 2007 (Financing Order). Pursuant to terms of the Financing Order and the requirements of Section 39.301 *et seq.* of the Texas Utilities Code, all of the Company's rights under the Financing Order, including the right to bill and collect Transition Charges and to adjust Transition Charges pursuant to this Schedule TC3, were transferred to the SPE in connection with the issuance of transition bonds. The rights transferred to the SPE are "transition property" of the SPE (as defined in Section 39.304 of the Utilities Code). On the effective date of this Schedule TC3 the Company will act as servicer on behalf of the SPE to bill, collect, receive and adjust Transition Charges imposed pursuant to this Schedule TC3. However, the SPE may select another party to serve as servicer or the Company may resign as servicer in accordance with the terms and subject to the conditions of the Servicing Agreement and the Financing Order. A successor servicer selected under these conditions will assume the obligations of the Company as servicer under this Schedule TC3. As used in this Schedule TC3, the term "Servicer" includes any successor servicer. All actions by the Company under this Schedule TC3, including collection of Transition Charges, will be undertaken solely in its role as servicer under the Servicing Agreement between the Company and the SPE dated as of February 12, 2008.

This schedule is applicable to:

1. Retail customers located within the certificated service area of Reliant Energy HL&P (HL&P) as such service area existed on May 1, 1999 who receive electric transmission and/or distribution service through a REP served by the Company and to the facilities, premises and loads of such retail customers;
2. Retail customers located within HL&P's certificated service area as it existed on May 1, 1999 who are presently receiving transmission and/or distribution service either directly from another utility, electric cooperative or municipally owned utility (T or D Provider) or through a REP served by another T or D Provider, and whose request to change service to the other T or D Provider was made after May 1, 1999;

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3. Retail customers located within HL&P's certificated service area as it existed on May 1, 1999 and who are served by New On-Site Generation. New On-Site Generation means "New On-Site Generation" as defined in Section 25.345(c)(1) of the Commission's Substantive Rules.
4. REPs that serve retail customers located within HL&P's certificated service area as it existed on May 1, 1999.
5. Any other entity which, under the terms of the Financing Order or the Utilities Code, may be obligated to pay, bill, collect, or adjust the Transition Charges.
6. This schedule is applicable to public retail customers located within HL&P's certificated service area as it existed on May 1, 1999 who purchase power from the General Land Office as provided for in the Utilities Code, Section 35.102.

## **SECTION 2: CHARACTER OF TRANSITION CHARGES**

Transition Charges are non-bypassable charges. All Transition Charges other than those applicable to New On-Site Generation are computed and paid on the basis of individual end-use retail customer consumption or demand. In accordance with Utilities Code Section 39.252(b) and Section 25.345(i)(3) of the Commission's Substantive Rules, the Transition Charges applicable to use of New On-Site Generation that results in a "material reduction" of the customer's use of energy delivered through the Company's transmission and distribution facilities (as defined in Section 25.345(i)(4) of the Commission's Substantive Rules) are computed and paid based on the output of the on-site generation used to meet the internal electric requirements of the customer. Customers with New On-Site Generation will also be required to pay the Transition Charges applicable to energy actually delivered to the Customer through the Company's facilities. Individual end-use retail customers are responsible for paying Transition Charges billed to them in accordance with the terms of this Schedule TC3 whether the charges are billed directly by Servicer or are included in the bills submitted to the customer by a REP or another entity. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order. The billing entity may be the Company, a successor servicer, a REP or an entity designated to collect Transition Charges in place of the REP.

The Transition Charges are separate charges to be paid in addition to any other applicable charges for services received. Although the Transition Charges are separate charges, they may be included within other charges of the billing entity.

The REP or entity designated to collect Transition Charges in place of the REP will pay Transition Charges (less an allowance for charge-offs calculated pursuant to this Schedule TC3)

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to Servicer in accordance with the requirements of the Financing Order and this Schedule TC3 whether or not it has collected the Transition Charges from its customers. To the extent that the REP's actual charge-offs differ from the charge-off allowance, adjustments will be made pursuant to this Schedule TC3. The REP will have no right to reimbursement other than as expressly set out in this Schedule TC3.

Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

### **SECTION 3: TERM**

This Schedule TC3 is effective beginning on the date the transition bonds are issued. Schedule TC3 will remain in effect as provided in the Financing Order until the Transition Charges collected and remitted to the SPE are sufficient to satisfy all obligations of the SPE to pay principal and interest on the transition bonds (as due over the 14 year term of the transition bonds) and to pay all other qualified costs as provided in the Financing Order. However, in no event will the Transition Charges be billed for service provided after 15 years from issuance of the transition bonds, or sooner if the transition bonds are paid in full at an earlier date. This Schedule TC3 is irrevocable.

### **SECTION 4: TRANSITION CHARGE CLASSES**

Transition Charges are calculated and applied by Transition Charge Class. There are 15 Transition Charge Classes, nine of which are Capped Classes. Each Transition Charge Class is defined in terms of the base rate tariff classes that existed on HL&P's system on September 1, 1999 ("pre-restructuring rate schedules"). The Transition Charge Classes are defined as follows:

**Residential Class:** The Residential Class is made up of (i) every customer that was served under HL&P rate schedule RS or RTD on the day before the customer discontinued taking service from HL&P under a pre-restructuring rate schedule, and (ii) each new customer that was not served by HL&P under any pre-restructuring rate schedule, but is the type of customer which, if it had been served by HL&P under pre-restructuring rate schedules would have qualified for service under HL&P's rate schedules RS or RTD.

**MGS Class:** The MGS Class is made up of (i) every customer that was served under HL&P rate schedule MGS on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, and (ii) each new customer that was not served by HL&P under any pre-restructuring rate schedule, but is the type of customer which, if it had been served by HL&P under a pre-restructuring rate schedule would have qualified for service under HL&P's rate schedule MGS and whose demand is estimated by the Company to be less than 400 kVa. This class includes customers served under Rider GLTC. Customers served under rate schedules EIS, HVP and CSB are included in

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the MGS class if the customer's contract for service from HL&P provided that the MGS rate was the basis for pricing.

**LGS Class:** The LGS Class is made up of (i) every customer that was served under HL&P rate schedule LGS on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, and (ii) each new customer that was not served by HL&P under any pre-restructuring rate schedule, but is the type of customer which, if it had been served by HL&P under a pre-restructuring rate schedule would have qualified for service under HL&P's rate schedules LGS and whose demand as estimated by the Company, if served at less than 60,000 volts, is 400 kVa or greater; or if served at 60,000 volts or greater, is at least 400 kVa but less than 2,000 kVa. This class includes customers served under Rider SEI. Customers served under rate schedules EIS, HVP and CSB are included in the LGS class if the customer's contract for service from HL&P provided that the LGS rate was the basis for pricing.

**LOS-A Class:** The LOS-A Class is made up of (i) every customer that was served under HL&P rate schedule LOS-A on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, and (ii) each new customer that was not served by HL&P under any pre-restructuring rate schedule, but is the type of customer which, if it had been served by HL&P under a pre-restructuring rate schedule would have qualified for service under HL&P's rate schedule LOS-A and has a demand as estimated by the Company of 2,000 kVa or greater. Customers served under rate schedules EIS and HVP are included in the LOS-A class if the customer's contract for service from HL&P provided that the LOS-A rate was the basis for pricing.

**LOS-B Class:** The LOS-B Class is made up of every customer that was served under HL&P rate schedule LOS-B on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule. Customers that were not served by HL&P under any pre-restructuring rate schedule may not be included in this class.

**Non-Metered Lighting Class:** The Non-Metered Lighting Class is made up of (i) every customer that was served under HL&P rate schedules SPL, MLS or MTA on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, and (ii) each new customer which was not served by HL&P under any pre-restructuring rate schedule, but is taking outdoor lighting services which are provided on an unmetered basis using lighting fixtures controlled by photo-electric devices which would have qualified for service under HL&P's pre-restructuring rate schedules SPL, MLS and MTA.

In addition to the six Transition Charge Classes described above, there will be nine additional Transition Charge Classes, each of which is a capped class ("Capped Classes"). Each of the Capped Classes will be made up solely of customers that actually received service from HL&P during the 12-month period ended April 30, 1999 under the HL&P rate schedule related to the

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class and any SIP customers with a contract effective date after April 30, 1999 and before January 1, 2002. The nine Capped Classes, and the related rate schedule, are as follows:

Capped Class	Related Rate Schedule
Standby Electric Service – Distribution	<b>SES</b>
Interruptible Service Supplemental – Distribution	<b>ISS</b>
Interruptible Service – 30 minute notice	<b>IS-30</b>
Interruptible Service – 10 minute notice	<b>IS-10 &amp; SIP</b>
Interruptible Service – Instantaneous	<b>IS-I</b>
Interruptible Service Supplemental – Transmission	<b>ISS</b>
Standby Electric Service – Transmission	<b>SES</b>
Standby Interruptible Service	<b>SBI</b>
Special Contract Pricing	<b>SCP</b>

Each customer in one or more of the nine Capped Classes will be charged the Transition Charges for the applicable class only for service the customer actually receives during the billing period up to the Monthly Cap. The Monthly Cap for each customer will be based on the amount of service the customer received under the related rate schedule during the 12-month period ended April 30, 1999 or for any SIP customer, the Monthly Cap will be based on the customer's average monthly interruptible demand corresponding to the initial MFC under the customer's SIP contract effective after April 30, 1999 and before January 1, 2002, and calculated as follows:

(1) For customers which took stand alone standby service (SBI and/or SES without other service), the Monthly Cap for SBI and SES will be the highest demand under the respective rate, during the 12-month period ended April 30, 1999. If a customer began service under SES and/or SBI after April 30, 1999, the Monthly Cap for such customer's will be the highest demand under rate SES or SBI, as applicable, during the period from April 30, 1999 to January 1, 2002, if the customer provides the Company adequate documentation that (i) the additional load served was on-site load normally served by the customer's on-site generation and (ii) the customer's on-site generation was out of service due to forced outage or maintenance. If the customer does not provide the required documentation, the additional load will be billed using the Transition Charges applicable to the LGS Class for distribution voltage customers or LOS-A Class for transmission voltage customers.

(2) For customers which took SBI and/or SES in combination with other services, the Transition Charge for additional load taken in excess of the Monthly Cap will be the Transition Charge for the LOS-A class restated and applied as a cents per KWh charge if the customer provides the Company adequate documentation that (i) the additional load was lawfully served without use of the Company's transmission and distribution facilities and (ii) the customer's on-site generation was out of service due to forced outage or maintenance. If the customer does not provide the required documentation, the additional

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load will be billed using the Transition Charges applicable to the LOS-A Class for transmission voltage customers applied on a kW basis.

(3) For any SCP customer that also received service under a non-Capped Class, the SCP rate will have a Monthly Cap based on the amount of service the customer received under the SCP rate schedule during the 12-month period ended April 30, 1999. The Monthly Cap will be the customer's monthly maximum hourly kW under the SCP rate schedule during the peak hours as defined herein, summed for the 12-month period ended April 30, 1999 and divided by the number of months during which the customer actually consumed power under the SCP rate schedule.

(4) For all other customers in Capped Classes, the Monthly Cap will be the customer's monthly maximum hourly kW under the related rate schedule during the peak hours as defined herein, summed for the 12-month period ended April 30, 1999 or alternate period applicable to any SIP customer and divided by the number of months during which the customer actually consumed power under the rate schedule. For monthly service in excess of the Monthly Cap(s), the charge associated with customer's non-capped Transition Charge Class will apply. If the customer is served at distribution voltage and did not have service associated with one of the six non-capped Transition Charge Classes, the customer will be required to pay the Transition Charges applicable to the LGS Class for all monthly service in excess of its Monthly Cap. If the customer is served at transmission voltage and did not have service associated with one of the six non-capped Transition Charge Classes, the customer will be required to pay the Transition Charges applicable to the LOS-A Class for all monthly service in excess of its Monthly Cap.

The categories of service historically provided by HL&P ceased to exist after electric business activities were unbundled pursuant to Section 39.051 of the Utilities Code. Similarly, since the advent of customer choice under Section 39.102 of the Utilities Code, retail customers receive service that may not only have different names, but may have different characteristics than the service historically provided by HL&P. The classifications set out in the preceding paragraphs will be applied to determine the Transition Charge applicable to each customer without regard to the descriptions that may be used to describe the services currently provided to retail customers.

## **SECTION 5: PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS**

The initial Periodic Billing Requirement Allocation Factors ("PBRAF") for each Transition Charge Class are set out below. These initial PBRAs will remain in effect throughout the life of the transition bonds unless a modification of the factors is made pursuant to the allocation factor adjustment provisions in Section 6 of this Schedule TC3:

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**INITIAL PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS**

<b>TRANSITION CHARGE CLASS</b>	<b>PBRAAF</b>
Residential	18.3506%
MGS	42.4542%
LGS	23.9265%
LOS-A	5.7501%
LOS-B	5.1450%
Non-Metered Lighting	0.2982%
<b>CAPPED CLASSES</b>	
Standby Electric Service-Distribution	0.0193%
Interruptible Service Supplemental- Distribution	-0.0436%
Interruptible Service –Thirty Minute Notice	-0.0451%
Interruptible Service –Ten Minute Notice	0.3339%
Interruptible Service – Instantaneous	-0.0492%
Interruptible Service Supplemental – Transmission	0.0639%
Standby Electric Service – Transmission	0.4464%
Standby Interruptible Service	0.0325%
Special Contract Pricing	3.3173%

**SECTION 6: ALLOCATION FACTOR ADJUSTMENTS**

The PBRAFs will be subject to adjustment using the procedures in this Section 6. Any adjustment required under this Section 6 will be made effective on the date of an annual Standard True-up Adjustment. Required adjustments will be made in the following order: first, adjustments will be made under Part A; second, adjustments will be made under Part B; and third, adjustments will be made under Part C.

For purposes of determining whether an allocation adjustment is required under Parts B and C of this Section 6 and adjusting PBRAFs pursuant to those Parts, the Transition Charge Classes will be combined into three groups (TC Groups) as follows:

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***TC GROUPS***

<b><i>TC GROUP</i></b>	<b><i>TRANSITION CHARGE CLASSES</i></b>	<b><i>INITIAL GROUP ALLOCATION PERCENTAGE</i></b>
Residential	Residential	18.3506%
Commercial	MGS, LGS, Non-Metered Lighting	66.6789%
Industrial	All other Transition Charge Classes	14.9705%

**Part A: Adjustments Due to Load Loss Qualifying under Utilities Code Section 39.262(k)**

The PBRAFs shall be adjusted consistent with the Utilities Code to reflect the loss of loads due to operations of facilities that are “Eligible Generation” as defined in PUC Subst. Rule 25.345 (c) (2) (“Eligible Generation”) except that this Part A shall not apply to, and the term "Eligible Generation" shall not include, load loss due to installation and operation of small power production facilities with a rated capacity of 10 megawatts or less. Any adjustments required under this Part A will be calculated as follows:

Step 1 – The Company will determine the amount of service provided during the twelve months ended April 30, 1999 that has been replaced by Eligible Generation (excluding amounts reflected in either the Initial PBRAFs or a prior adjustment under this Part A) and sum the losses by Transition Charge Class.

Step 2 – The Company will recalculate the PBRAFs for all Transition Charge Classes using the spreadsheet and data used to compute the initial PBRAFs but reducing the demand allocation factors for each Transition Charge Class to reflect the cumulative losses for that class as calculated under Step 1 (including losses for which PBRAF adjustments were made in prior years). No other changes to the spreadsheet or data used to compute the initial PBRAFs will be made. Appendix A to this Schedule TC3 contains the spreadsheet and data used to compute the initial PBRAFs.

Step 3 – An Adjusted Group Allocation Percentage for each TC Group shall then be calculated as the sum of the Adjusted PBRAFs (computed under Step 2) for all Transition Charge Classes within the TC Group.

**Part B: Inter-Group Adjustments Due to Cumulative Load Loss Not Attributable to Eligible Generation**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set Transition Charges for each Transition Charge

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Class during the ensuing year to the billing determinants in effect on the original effective date of Schedule TC3 (adjusted to exclude any billing determinants attributable to Eligible Generation if any adjustment was made under Part A after the original effective date) (such billing determinants as adjusted are hereafter referred to as the “Base Billing Determinants”). The PBRAFs of all Transition Charge Classes in all TC Groups will be adjusted if one or more TC Groups experience load loss (calculated excluding load loss attributable to Eligible Generation for which adjustments have been made under Part A but including load loss attributable to small power production facilities of 10 megawatts or less) aggregating 50% or more on a cumulative basis when measured against the Base Billing Determinants. The adjustments under this Part B will be made using the following procedures:

Step 1:

For each TC Group, if $CTCOL_G / PBR_G \geq 0.50$	Then, no PBRAF adjustment will occur and any adjustment made in previous years under Part B shall be reversed
For each TC Group, if $CTCOL_G / PBR_G < 0.50$	Then, a PBRAF adjustment will be calculated pursuant to Steps 2 through 5.
<p>Where:</p> <p><math>CTCOL_G</math> = cumulative test collections for group <math>G = \sum CC_c * FBU_c</math> for all classes (c) in Group (G)</p> <p><math>FBU_c</math> = forecasted billing determinants for class c</p> <p><math>CC_c</math> = cumulative test charge for class c = <math>\{PBRAF_c * PBR_T\} / BBD_c</math></p> <p><math>PBRAF_c</math> = the PBRAFs then in effect, or if an adjustment has been made under Part A, the adjusted PBRAFs from Part A</p> <p><math>PBR_T</math> = total periodic billing requirement for upcoming period</p> <p><math>BBD_c</math> = Base Billing Determinants for class c</p> <p><math>PBR_G</math> = periodic billing requirement for group = <math>\sum PBRAF_c * PBR_T</math> for all classes in G</p>	

Step 2:

For each TC Group in Step 1 where  $CTCOL_G / PBR_G < 0.50$ , a reduction amount ( $RED_G$ ) will be calculated for group G where

$$RED_G = 0.5 (PBR_G - CTCOL_G)$$

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Step 3:

For all TC Groups, a reallocation amount for that group ( $RA_G$ ) shall be calculated where:

$$RA_G = GAP_G * \{\sum RED_G\} \text{ for all Groups}$$

Where:

$$GAP_G = \text{Group Allocation Percentage} = \sum PBRAF_c \text{ for all classes in the group}$$

Step 4:

For all TC groups a Group Allocation Percentage Adjustment ( $GAPA_G$ ) shall be calculated where:

$$GAPA_G = (RA_G - RED_G) / PBR_T$$

Where:

$$\sum GAPA_G = 0 \text{ for all } G$$

Step 5:

For all TC classes, the PBRAF adjustment for class c ( $PBRAFA_c$ ) will be calculated for use in calculating adjustments to the Transition Charges under Section 8, Part A where

$$PBRAFA_c = GAPA_G * (PBRAF_c / GAP_G)$$

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**Part C: Inter-Group Adjustments Due to Year-Over-Year Load Loss Not Attributable to Eligible Generation**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set Transition Charges for each Transition Charge Class during the ensuing year to the forecasted billing determinants used to develop the then currently effective Transition Charges for the class minus the Eligible Generation load loss for the class determined in Step 1 of Part A after the billing determinant for the currently effective Transition Charges was determined (such adjusted amount is hereinafter referred to as the “Prior Year Billing Determinant”). The PBRAFs of all Transition Charge Classes in all TC Groups will be adjusted if (i) one or more TC Groups experience load loss (calculated excluding load loss attributable to Eligible Generation for which adjustments have been made under Part A but including load loss attributable to small power production facilities of 10 megawatts or less) of 10% or greater on a year-over-year basis when compared to the Prior Year Billing Determinants or (ii) any TC Group for which an adjustment was made under this Part C in one or more prior years experiences load growth resulting in projected billing determinants for the current year at a level which, if they had existed in one or more of such prior year(s) would have resulted in no adjustment to PBRAFs in such prior year(s). No reduction in PBRAFs will be made under this Part C for any TC Group for which a reduction amount was computed under Step 5 of Part B. The adjustments under this Part C will be made using the following procedures:

Step 1:

For each TC Group not adjusted under Part B,

If $YTCOL_G / PBR_G \geq 0.90$	Then, no PBR AF adjustment will occur.
If $YTCOL_G / PBR_G > 1.00$	Then, no PBR AF adjustment will occur and any prior year adjustments made under C will be reversed pursuant to step 6.
If $YTCOL_G / PBR_G < 0.90$	Then, a PBR AF adjustment will be calculated pursuant to Steps 2 through 5.

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Where:

$YTCOL_G$  = year-to-year test collections for group G =  $\sum YC_c * FBU_c$  for all classes (c) in Group (G)

$FBU_c$  = forecasted billing determinants for class c

$YC_c$  = year-to-year test charge for class c =  $\{PBRAF_c * PBR_T\} / FBU_c^{-1}$

$PBRAF_c$  = the PBRAFs then in effect, or if an adjustment has been made under Part A, the adjusted PBRAFs from Part A

$PBR_T$  = total periodic billing requirement for upcoming period

$FBU_c^{-1}$  = prior year's forecasted billing determinants for class c

$PBR_G$  = periodic billing requirement for group =  $\sum PBRAF_c * PBR_T$  for all classes in the group

Step 2:

For each TC Group in Step 1 where  $YTCOL_G / PBR_G < 0.90$ , a year to year reduction amount ( $YRED_G$ ) shall be calculated where

$$YRED_G = 0.9 (PBR_G - YTCOL_G)$$

Step 3:

For all TC Groups, a year to year reallocation amount ( $YRA_G$ ) shall be calculated where:

$$YRA_G = GAP_G * \{\sum YRED_G\} \text{ for all groups}$$

Where:

$GAP_G$  = Group Allocation Percentage =  $\sum PBRAF_c$  for all classes in the group

Step 4:

For all TC groups a year to year group allocation percentage adjustment ( $YGAPA_G$ ) shall be calculated where:

$$YGAPA_G = (YRA_G - YRED_G) / PBR_T$$

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Where  $\sum \text{GAP}_G = 0$  for all G

Step 5:

For all TC classes, a year to year PBRAF adjustment ( $\text{YPBRAFA}_c$ ) shall be calculated for use in calculating adjustments to the Transition Charges under Section 8, Part A where:

$$\text{YPBRAFA}_c = \text{YGAP}_G * (\text{PBRAF}_c / \text{GAP}_G)$$

Step 6:

if  $\{\sum (\text{YC}_c * \text{FBU}_c)\} / \{\sum (\text{YC}_c * \text{FBU}_c^{t-1})\} \geq .90$  (for all classes in group G) then the adjustment made in year t shall be discontinued.

if  $\{\sum (\text{YC}_c * \text{FBU}_c)\} / \{\sum (\text{YC}_c * \text{FBU}_c^{t-1})\} < .90$  (for all classes in group G) then the adjustment made in year t carries forward.

Where  $\text{FBU}_c^{t-1}$  is the forecasted billing determinants from the year prior to the year an adjustment was made adjusted to reflect any adjustments made under part A between year t-1 and the current year.

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**Part D: Adjustments to Base Class Allocations**

The methodology used to allocate qualified costs and determine Transition Charges shall not be changed except in the limited circumstance described in this paragraph. If, but only if, the total retail stranded costs (determined pursuant to Section 39.253 of the Utilities Code) on a statewide basis exceed \$5 billion, then the qualified costs attributable to the Company's share of the statewide stranded costs in excess of \$5 billion shall be reallocated using the allocation methodology prescribed in Section 39.253(f) of the Utilities Code. The Company's share of the statewide stranded costs in excess of \$5 billion shall be determined by multiplying (i) the percentage obtained by dividing the Company's total stranded costs (determined pursuant to Section 39.253(f)) by the total statewide stranded costs (determined pursuant to Section 39.253(f)) by (ii) the amount by which the total statewide stranded costs (determined pursuant to Section 39.253(f)) exceed \$5 billion. The qualified costs attributable to the Company's share of the statewide stranded costs shall then be determined by multiplying (i) the Company's share of the statewide stranded costs by (ii) the percentage obtained by dividing (a) the Company's stranded costs (determined pursuant to Section 39.253(f)) which were securitized pursuant to the Financing Order dated September 18, 2007 in Docket No. 34448 by (b) the Company's total stranded costs (determined pursuant to Section 39.253(f)). The Company shall file the adjustments required herein, within 45 days after the Commission issues any order determining a utility's stranded costs or regulatory assets that causes the total statewide stranded costs (determined pursuant to Section 39.253(f)) to exceed \$5 billion or changes the amount by which the total statewide stranded costs (determined pursuant to Section 39.253(f)) exceed \$5 billion. Any changes in Transition Charges resulting from a change in the initial or adjusted PBRAFs under this Part D shall be made prospectively from the date of the Commission's order approving adjusted PBRAFs under this Part D. No change in an initial or adjusted PBRAF shall cause the sum of all PBRAFs to be more than or less than 100% or change the total Periodic Billing Requirement for any period. Transition Charges for services rendered prior to such effective date will not be changed. Future changes to the PBRAFs underlying the recomputed Transition Charges, if necessary under Parts A – D of this Section 6 will be computed pursuant to this Section 6 using the initial and adjusted PRBAFs as determined by the Commission pursuant to this Part D.

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**SECTION 7: TRANSITION CHARGES**

The Transition Charges to be applied beginning on the effective date of this Schedule TC3 are set out below. Transition Charges to be applied in subsequent periods (Adjusted Transition Charges) will be determined in the manner described in Section 8.

***TRANSITION CHARGES***

<b><i>TRANSITION CHARGE CLASS</i></b>	<b><i>PER UNIT CHARGE</i></b>	<b><i>BILLING UNIT</i></b>
Residential	\$0.000399	Per kWh
MGS	\$0.221337	Per kW
	\$0.001040	Per kWh
LGS	\$0.455734	Per kVa
	\$0.774362	Per kW
LOS-A	\$0.289478	Per kW
LOS-B	\$0.704148	Per kW
Non-Metered Lighting	\$0.000543	Per kWh
<b>CAPPED CLASSES:</b>		
Standby Electric Service-Distribution	\$0.066785	Per kW
Interruptible Service Supplemental- Distribution	(\$0.207353)	Per kW
Interruptible Service –Thirty Minute Notice	(\$0.009965)	Per kW
Interruptible Service –Ten Minute Notice	\$0.022702	Per kW
Interruptible Service – Instantaneous	(\$0.020558)	Per kW
Interruptible Service Supplemental - Transmission	\$0.250169	Per kW
Standby Electric Service - Transmission	\$0.203466	Per kW
Standby Interruptible Service	\$0.005740	Per kW
Special Contract Pricing	\$0.449140	Per kW

The Transition Charges shall be applied on a kW basis for all service provided at Transmission voltage and for all service provided to Capped Classes and to any LGS customer that also received SES-Distribution service. The kW to be used in calculating the bill for those customers obligated to pay on a kW basis will be the highest kW for the month measured over a one hour

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period occurring on weekdays (Monday through Friday) during the sixteen hours beginning with and including the hour that ends at seven (a.m.) (07:00) and extending until the hour that ends at ten p.m. (22:00), local time (central standard or central daylight saving time, as appropriate).

Except for customers in the MGS class, the Transition Charges shall be applied on a kVa basis for all service provided at distribution voltage (other than service at distribution voltage to Capped Classes or to LGS customers that also received SES-Distribution service) and whose kVa is greater than 10 kVa in the billing month. The kVa will be the highest kVa measured over a 15 minute period during the month if the metering equipment has indicators for measuring and recording only the highest demand during the billing period, otherwise if the metering equipment measures and records continuously for all 15 minute periods the kVa will be the average of the 4 highest 15 minute periods measured during the billing period. If the demand meters used to meter service to a customer measure service is on a kW basis instead of a kVa basis or measure in intervals different than 15 minutes (*e.g.* 5, 10, 30 minutes) the transition charge to the customer will be based on the kW with the interval measurement period closest to a 15 minute period.

Transition Charges will be applied on a kWh basis for those customers with watt-hour meters and those customers with demand meters whose measured demand is 10 kVa or less, all Residential customers, all Non-Metered Lighting customers and all MGS customers served at distribution voltage.

Each retail customer shall be obligated to pay Transition Charges for its applicable class. The Transition Charge shall be applied to all service received by the customer during the applicable billing period. If a customer was taking service in more than one rate class through one point of service on April 30,1999, or on the day before the customer discontinued taking service from HL&P on a pre-restructuring rate schedule, its Transition Charges shall be determined as follows:

1. For customers taking service under two or more rates through a single meter, the following order will be used to determine Transition Charges for the customer:
  - (a) If the customer takes service in one or more Capped Classes (other than SCP) through a single meter, the service shall be allocated first to Capped Classes in ascending order of unit Transition Charges beginning with the Capped Class with the lowest unit Transition Charge. All service to the customer, up to the lesser of (i) the highest hourly on-peak kW for total premises load (Total kW) or the Monthly Cap for the class, shall be deemed to be service under the Capped Class with the lowest unit Transition Charge. If the Total kW is greater than the Monthly Cap for the class with lowest unit Transition Charge, the difference up to the

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Monthly Cap for the Capped Class with the next lowest unit Transition Charge will be deemed to be service under the Capped Class with the next lowest unit Transition Charge. The remainder will then similarly be allocated to each other Capped Class under which the customer is served until the Total kW has been allocated or all applicable Monthly Caps have been reached.

- (b) If the total amount allocated to Capped Classes under (a) is less than the Total kW, the remainder, up to the Monthly Cap for SCP shall be deemed to be service provided under SCP.
- (c) Any amount remaining after the allocations in (a) and (b) will be deemed to be service provided under the Transition Charge Class (other than Capped Classes and SCP) that is applicable to the customer. If the customer is not otherwise taking service under any Transition Charge Class (other than Capped Classes and SCP) the amount remaining after the allocations in (a) and (b) shall be deemed to be service under LOS-A, if the customer is served at transmission voltage, or under LGS, if the customer is served at distribution voltage.

In addition, each customer which has New On-Site Generation shall pay an amount each month computed by multiplying the output of the on-site generation used to serve the internal electric requirements of the customer (either kW or kVa, as determined by the Transition Charge class for which the customer would qualify if it were being served by the Company or an REP) by the Transition Charge in effect for services provided to customers in that class during the month. This amount shall be in addition to any Transition Charges applicable to energy or demand actually delivered to the customer through the Company's or another T&D Provider's facilities.

#### **SECTION 8: STANDARD TRUE-UP FOR ADJUSTMENT OF TRANSITION CHARGES**

Transition Charges will be adjusted annually effective on February 1st to ensure that the expected collection of Transition Charges is adequate to pay principal and interest on the transition bonds when due pursuant to the expected amortization schedule, and pay as due all other qualified costs. In addition to these annual true-up adjustments, true-up adjustments may be made more frequently at any time during the term of the transition bonds to correct any undercollection or overcollection, as provided for in the Financing Order, in order to assure timely payment of transition bonds based on rating agency and bondholder considerations. In addition to the foregoing, either of the following two conditions may result in an interim true-up adjustment in the month prior to an upcoming transition bond principal payment date:

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- (a) The collection of transition charges for the upcoming payment date will result in a difference that is greater than 5% in absolute value, between (i) the actual outstanding principal balances of the transition bonds plus amounts on deposit in the reserve subaccount and (ii) the outstanding principal balances anticipated in the target amortization schedule; or
- (b) To meet a rating agency requirement that any series of transition bonds be paid in full by the expected maturity date for any series of transition bonds that matures after a date determined mutually, at the time of pricing by CenterPoint Houston and the Commission's designated personnel or financial advisor.

In no event will interim true-up adjustments occur more frequently than every three months if quarterly transition bond payments are required or every six months if semi-annual transition bond payments are required; provided, however, that interim true-up adjustments for any transition bonds remaining outstanding during the fourteenth and fifteenth year after the bonds are issued may occur quarterly.

All annual and interim adjustments will be designed to cause (i) the outstanding principal balance of the transition bonds to be equal to the scheduled balance on the expected amortization schedule; (ii) the amount in the capital subaccount to be equal to the required capital plus any investment earnings on amounts in the capital subaccount to the extent that the investment earnings have not been released to the SPE and (iii) the reserve subaccount to be zero by the payment date immediately preceding the next adjustment or by the final payment date, if the next payment date is the final payment date.

**Part A: TRUE-UP ADJUSTMENT PROCEDURE FOR STANDARD AND INTERIM TRUE-UPS**

Servicer will calculate the Adjusted Transition Charges using the methodology described below and will file the Adjusted Transition Charges with the Commission. Annual adjustments will be filed 15 days prior to the effective date of the Adjusted Transition Charges unless an adjustment to the PBRAFs is required under Section 6 (including Intra-Group Allocation Adjustments under Part D of Section 6) in which case the annual adjustment will be filed not later than 90 days prior to the effective date. Interim Adjustments will be filed not less than 15 days prior to the effective date of the Adjusted Transition Charges.

The Adjusted Transition Charge for the upcoming period for each class ( $TC_c$ ) shall be computed as follows:

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For the residential class,

$$TC_c = PBR_T * (PBRAF_c + PBRAFA_c + YPBRAFA_c^t) / FBU_c$$

For classes in the Commercial and Industrial TC Groups, except if any class in the Industrial Group is forecast for the ensuing period to experience more than a 10% reduction in billing determinants compared to the industrial base billing determinants for that class, then the transition charges for the classes within the Industrial TC Group will be determined according to Section 8, Part B:

$$TC_c = TC_c^{-1} \{ \sum [PBR_T * (PBRAF_c + PBRAFA_c + YPBRAFA_c^t)] / \sum (TC_c^{-1} * FBU_c) \}$$

For all classes in the applicable group.

Where

$TC_c^{-1}$  = the transition charge for that class from the previous period

$PBR_T$  = Periodic Billing Requirement for the ensuing period (the 12 months beginning on the effective date of the adjusted transition charges in the case of annual true-ups and the period until the next scheduled annual true-up in the case of interim adjustments). The Periodic Billing Requirement will be the amounts required to pay principal and interest on the transition bonds when due pursuant to the expected amortization schedule, pay as due all other qualified costs, and recover any net system under-collections or credit any net system over-collections so that (i) the outstanding principal balance of the transition bonds will be equal to the scheduled balance on the expected amortization schedule; (ii) the amount in the capital subaccount will be equal to the required capital plus any investment earnings on amounts in the capital subaccount to the extent that the investment earnings have not been released to the SPE and (iii) the reserve subaccount will be zero by the payment date immediately preceding the next adjustment or by the final payment date, if the next payment date is the final payment date.

$PBRAFA_c$  = the PBRAFs then in effect, or if an adjustment has been made under Section 6, Part A, the adjusted PBRAFs from Section 6, Part A.

$PBRAFA_c^t$  = the adjustment (if any) from Section 6, Part B, Step 5

$YPBRAFA_c^t$  = the adjustment from Section 6, Part C, Step 5 for every year t in which an adjustment was made unless that adjustment was discontinued under Section 6, Part C, Step 6.

$FBU_c$  = the forecasted billing determinants for the upcoming period

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**Part B: Intra Industrial Group Adjustments Due to Cumulative Load Loss Not  
 Attributable to Eligible Generation**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set Transition Charges for each Industrial Group Transition Charge Class during the ensuing year to the billing determinants for the period November 2003 through October 2004 (adjusted to exclude any billing determinants attributable to Eligible Generation if any adjustment was made under Section 6, Part A after October 2004) (such billing determinants as adjusted are hereafter referred to as the “Industrial Base Year Billing Determinants”). The Transition Charges of all Transition Charge Classes in the Industrial TC Group will be adjusted if one or more Transition Charge Classes experience load loss (calculated excluding load loss attributable to Eligible Generation for which adjustments have been made under Section 6, Part A but including load loss attributable to small power production facilities of 10 megawatts or less) aggregating more than 10% on a cumulative basis when measured against the Industrial Base Year Billing Determinants. The adjustments under this Part B will be made using the following procedures:

Step 1:	
If $FBU_c / IBD_c \geq 0.90$ for each Industrial TC Class	Then, no adjustments will occur under this Section 8, Part B and the transition charge for each Industrial TC class will be calculated under Section 8, Part A.
If $FBU_c / IBD_c < 0.90$ for any Industrial TC Class (Load Loss Class)	Then, adjustments will be calculated pursuant to Steps 2 through 6.
Where:	
$FBU_c$ = forecasted billing determinants for class c  $IBD_c$ = Industrial Base Year Billing Determinants for class c	

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**Step 2:**

For each Industrial TC Class in Step 1 where  $FBU_c / IBD_c < 0.90$ , a reduction amount ( $RED_c$ ) will be calculated as follows:

$$RED_c = PBR_c - TLL_c$$

Where:

$$PBR_c = PBR_T * PBRAF_c$$

$$TLL_c = \text{Test Collections with 10\% Load Loss for Class } c = [PBR_c / (IBD_c * 0.9)] * FBU_c$$

$PBR_T$  = total periodic billing requirement for upcoming period

$PBRAFc$  = the PBRAFs then in effect, including any adjustment made under Section 6, Part A; plus any adjustment made under Section 6, Part B and Section 6, Part C unless the adjustment was discontinued.

**Step 3:**

For each Industrial TC class for which a reduction amount was not calculated in Step 2 and whose  $TC_c^{-1} \leq TC_{LOSA}^{-1}$ , a reallocation amount shall be calculated as follows:

$$RA_c = IAP_c * \sum RED_c \text{ for all classes}$$

Where:

$IAP_c$  = Intra-Group Allocation Percentage for class  $c = PBRAF_c / \sum PBRAF_c$  for all Industrial TC Classes for which a reduction amount was not calculated in Step 2 and whose  $TC_c^{-1} \leq TC_{LOSA}^{-1}$

$TC_{LOSA}^{-1}$  = Transition Charge implemented for the LOSA TC class in the last true-up filing

$TC_c^{-1}$  = Transition Charge implemented for class  $c$  in the last true-up filing

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**Step 4:**

The adjusted transition charge for a class ( $TC_c$ ) shall be calculated as follows:

For those Industrial TC Classes receiving a reallocation amount in Step 3:

$$TC_c = [PBR_c + RA_c] / FBU_c$$

For all other Industrial TC Classes:

$$TC_c = [PBR_c - RED_c] / FBU_c$$

**Step 5:**

Calculate the percent increase in the Transition Charge from the Base Year as follows:

$$PI_c = (TC_c / TC_c^{BASE}) - 1$$

Where:

$TC_c$  = The adjusted transition charge calculated in Step 4

$TC_c^{BASE}$  = The transition charge calculated using the Industrial Base Year Billing Determinants.

**Step 6:**

A. For any Industrial TC Class where PI is less than the PI for the TC Classes identified in Step 1 as Load Loss Classes:

$$TC_c^{FINAL} = TC_c$$

B. If PI for any Industrial TC Class is greater than or equal to the PI for the Load Loss Classes identified in Step 1, then calculate an initial Equal Percent Increase for that class and the Load Loss Classes identified in Step 1:

$$TC_c^{FINAL} = TC_c^{BASE} * (1 + EPI^{INITIAL})$$

Where:

$EPI^{INITIAL}$  = initial Equal Percent Increase =  $\Sigma (TC_c * FBU_c) / \Sigma (TC_c^{BASE} * FBU_c)$   
for only those Industrial TC Classes identified in Step 1 as Load Loss Classes and TC classes with a PI greater than or equal to those Industrial TC Load Loss Classes identified in Step 1.

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- C. In the event that  $EPI^{INITIAL}$  for any Industrial TC Class, other than a Load Loss Class identified in Step 1, exceeds the  $PI_c$  calculated in Step 5, then for that Class,

$$TC_c^{FINAL} = TC_c$$

- D. For the remaining classes, a final Equal Percent Increase will be calculated to reflect the exclusion of the Classes identified in Step 6, Parts A and C above as follows:

$$TC_c^{FINAL} = TC_c^{BASE} * (1 + EPI^{FINAL})$$

Where:

$$EPI^{FINAL} = \text{final Equal Percent Increase} = \frac{\sum (TC_c * FBU_c)}{\sum (TC_c^{BASE} * FBU_c)} \text{ for only those Industrial TC Classes remaining in Step 6, Part D.}$$

## SECTION 9: BILLING AND COLLECTION TERMS AND CONDITIONS

Transition Charges will be billed and collected as set forth in this ScheduleTC3. The terms and conditions for each party are set forth below.

### A. Billings by Servicer to other T or D Providers:

1. Transition Charges applicable to former retail customers of the Company in multiply certificated service areas who are now taking service directly from other T or D Providers or through REPs served by other T or D Providers will be billed to and collected from the other T or D Provider, which, in turn will be responsible for collecting the Transition Charges from the retail customers and REPs.
2. The T or D Provider shall pay all Transition Charges not later than 35 days after bill is mailed by Servicer. The T or D Provider shall make such payment regardless of whether it collects such charges from the end-use retail customer or REP.

### B. Billings by Servicer to New On-Site Generation:

1. Customers subject to Transition Charges for New On-Site Generation shall pay such charges in full not later than sixteen days after the date the bill is mailed to the customer.
2. Transition Charges applicable to New On-Site Generation are in addition to applicable transition charges under A above or C below.

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3. If the entity with New On-Site Generation receives transmission or distribution service from the Company or another T or D Provider, Servicer shall have the same right to terminate service or require the other provider to terminate service for non-payment of Transition Charges as the Company has to terminate service for non-payment of charges under the Company's rate schedules. Any termination shall comply with applicable Commission rules.

C. Billings by the REP or its replacement to end-use customers:

1. REPs will bill and collect, or cause to be billed and collected, all Transition Charges applicable to consumption by retail customers served by the REP.
2. If Servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If Servicer is not providing the metering, the entity providing metering services will be responsible for complying with Commission rules and ensuring that Servicer and the REP will receive timely and accurate metering data in order for Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.
3. Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (A) a deposit of two months' maximum expected Transition Charge collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of Transition Charge collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The indenture trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee, surety bond, or letter of credit must have and maintain a long-term, unsecured credit ratings of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively.
4. If the long-term, unsecured credit rating from either Standard & Poor's or Moody's Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below "BBB-" or "Baa3" (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business

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days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in paragraph 3 of Section D, Billings by Servicer to the REP or its replacement (when applicable).

5. The computation of the size of a required deposit shall be agreed upon by Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months' maximum collections. Within 10 business days following such review, (1) the REP shall remit to the indenture trustee the amount of any shortfall in such required deposit or (2) Servicer shall instruct the indenture trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the Section D, Billings by Servicer to the REP or its replacement (when applicable). REP cash deposits shall be held by the indenture trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the transition bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the indenture trustee. At the instruction of Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the transition bonds unless otherwise utilized for the payment of the REP's obligations for Transition Bond payments. Once the deposit is no longer required, Servicer shall promptly (but not later than 30 calendar days) instruct the indenture trustee to remit the amounts in the segregated accounts to the REP.
6. In the event that a REP or the Provider of Last Resort (POLR) is billing customers for Transition Charges, the REP shall have the right to transfer the customers to the POLR (or to another certified REP) or to direct Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

D. Billings by Servicer to the REP or its replacement (when applicable):

1. Servicer will bill and collect from REPs all Transition Charges applicable to consumption by retail customers served by the REP, including applicable customers served by New On-Site Generation.
2. Payments of Transition Charges are due 35 calendar days following each billing by Servicer to the REP, without regard to whether or when the REP receives payment from the end-use retail customers. Servicer shall accept payment by electronic funds transfer, wire transfer, and/or check. Payment will be considered received the date the electronic funds transfer or wire transfer is received by Servicer, or the date the check clears. A 5% penalty is to be charged on amounts

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received after 35 calendar days; however, a 10 calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in paragraph 3 of this Section D. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to Servicer. The “current amount” consists of the total unpaid Transition Charges existing on the 36<sup>th</sup> calendar day after billing by Servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against Transition Charge obligations. A REP shall not be obligated to pay the overdue Transition Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue Transition Charges as a condition of receiving the customers of another REP that has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such Transition Charges; however, the prior REP shall not be relieved of the previously-assessed penalties.

3. After the 10 calendar-day grace period (the 45<sup>th</sup> calendar day after the billing date), Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof provided by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid Transition Charges and associated penalties due Servicer after the application of the REP’s deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in paragraphs 4 and 5 of Section C and paragraph 2 of this Section D shall select and implement one of the following options:
  - (a) Allow the POLR or a qualified REP of the customer’s choosing to immediately assume the responsibility for the billing and collection of Transition Charges.
  - (b) Immediately implement other mutually suitable and agreeable arrangements with Servicer. It is expressly understood that Servicer’s ability to agree to any other arrangements will be limited by the terms of the Servicing Agreement and requirements of rating agencies that have rated the transition bonds necessary to avoid suspension, withdrawal or downgrade of the ratings on the transition bonds.
  - (c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by Servicer with such amounts to be applied first to pay Transition Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

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If a REP that is in default does not immediately select and implement one of the options specified in (a), (b) or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then Servicer shall immediately implement option (a), subject to the limitations and requirements of the bankruptcy code if the REP is a debtor in bankruptcy. Upon re-establishment of compliance with the requirements set forth in paragraphs 4 and 5 of Section C and paragraph 2 of this Section D and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this paragraph 3.

4. The POLR appointed by the Commission must meet the minimum credit rating or deposit/credit support requirements described in paragraph 3 of Section C (“Billings by the REP or its Replacement to end-use customers”) in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of Transition Charges will immediately be transferred to and assumed by Servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or Servicer for any amount of Transition Charges they have paid their REP (although future Transition Charges shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in paragraph 2 of this Section D is the sole remaining past-due amount after the 45<sup>th</sup> calendar day, the REP shall not be required to comply with clauses (a), (b) or (c) of paragraph 3 of this Section D, unless the penalty is not paid within an additional 30 calendar days.
5. In the event that Servicer is billing customers for Transition Charges, Servicer shall have the right to terminate transmission and distribution service to the end-use customer for non-payment by the end use customer pursuant to applicable Commission rules.
6. The REP will be allowed to hold back an allowance for charge-offs in its payments to Servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, REPs will be allowed to remit payments based on the same charge-off percentage then being used by the REP to remit payments to the servicer in connection with transition charges related to transition bonds issued by CenterPoint Energy Transition Bond Company II, LLC on December 16, 2005. On an annual basis in connection with the true-up adjustment process, the REP and Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and Servicer, provided that:

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- (a) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (*i.e.*, all amounts due the REP for its own account as well as the portion representing Transition Charges) have been written off.
  - (b) The REP's recourse will be limited to a credit against future Transition Charge payments unless the REP and Servicer agree to alternative arrangements, but in no event will the REP have recourse to the indenture trustee, the SPE or the SPE's funds for such payments.
  - (c) The REP shall provide information on a timely basis to Servicer so that Servicer can include the REP's default experience and any subsequent credits into its calculation of the adjusted Transition Charge rates for the next transition charge billing period and the REP's rights to credits will not take effect until such adjusted Transition Charge rates have been implemented.
7. In the event that a REP disputes any amount of billed Transition Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in paragraph 2 of this Section D. The REP and Servicer shall first attempt to informally resolve the dispute, but if they fail to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to Servicer at the Commission-approved interest rate. Disputes about the date of receipt of Transition Charge payments (and penalties arising thereof) or the size of a required REP deposit will be handled in a like manner. It is expressly intended that any interest paid by Servicer on disputed amounts shall not be recovered through Transition Charges if it is determined that Servicer's claim to the funds is clearly unfounded. No interest shall be paid by Servicer if it is determined that Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to Utilities Code Section 39.107.
  8. If Servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If Servicer is not providing the metering, the entity providing metering services will be responsible for complying with Commission rules and ensuring that Servicer and the REP will receive timely and accurate metering data in order for Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

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**OTHER TERMS AND CONDITIONS**

If the customer or REP pays only a portion of its bill, a pro-rata portion of Transition Charge revenues shall be deemed to be collected. The Company will allocate any shortfall first, ratably based on the amount owed for Transition Charges and the amount owed for other fees and charges, other than late charges, owed to the Company or any successor, and second, all late charges shall be allocated to the Company or any successor.

If the Company does not regularly include the notice described below in the bills sent by it to REPs or directly to retail customers, then at least once each year the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the amount billed includes Transition Charges which were authorized by the Financing Order dated September 18, 2007 and have been transferred to and are being collected on behalf of CenterPoint Energy Transition Bond Company III, LLC and are not owned by the Company. In the customer's initial bill from the REP and at least once each year thereafter, each REP that bills Transition Charges shall cause to be prepared and delivered to its customers a notice stating, in effect, that the amount billed includes Transition Charges which were authorized by the Financing Order dated September 18, 2007 and have been transferred to and are being collected on behalf of CenterPoint Energy Transition Bond Company III, LLC and are not owned by the REP or the Company, and that under certain circumstances described in Schedule TC3 Servicer may be permitted to collect the Transition Charges directly from the retail customer. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to REPs or customers by electronic means or such other means as Servicer or the REP may from time to time use to communicate with their respective customers.

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#### **6.1.1.2.4 SCHEDULE SRC - SYSTEM RESTORATION CHARGES**

##### **SECTION 1: APPLICABILITY**

This schedule sets out the rates and terms and conditions under which System Restoration Charges (SRC or SR Charges) will be billed and collected by CenterPoint Energy Houston Electric, LLC (Company), any successor servicer(s) and any retail electric providers (REP) or collection agents billing or collecting SR Charges on behalf of CenterPoint Energy Restoration Bond Company, LLC (SPE). The SR Charges were authorized by the Financing Order approved by the Public Utility Commission of Texas (Commission) in Docket No. 37200 on August 26, 2009 (Financing Order). Pursuant to terms of the Financing Order and the requirements of Section 36.401 *et seq.* of the Texas Utilities Code, all of the Company's rights under the Financing Order, including the right to bill and collect SR Charges and to adjust SR Charges pursuant to this Schedule SRC, were transferred to the SPE in connection with the issuance of system restoration bonds. The rights transferred to the SPE are "transition property" of the SPE (as defined in Section 39.304 of the Utilities Code). On the effective date of this Schedule SRC the Company will act as servicer on behalf of the SPE to bill, collect, receive and adjust SR Charges imposed pursuant to this Schedule SRC. However, the SPE may select another party to serve as servicer or the Company may resign as servicer in accordance with the terms and subject to the conditions of the Servicing Agreement and the Financing Order. A successor servicer selected under these conditions will assume the obligations of the Company as servicer under this Schedule SRC. As used in this Schedule SRC, the term "Servicer" includes any successor servicer. All actions by the Company under this Schedule SRC, including collection of SR Charges, will be undertaken solely in its role as servicer under the Servicing Agreement between the Company and the SPE dated as of November 25, 2009.

This schedule is applicable to:

1. Retail customers located within the certificated service area of Company as such service area existed on August 26, 2009 who receive electric distribution service through a REP served by the Company and to the facilities, premises and loads of such retail customers;
2. Retail customers located within Company's certificated service area as it existed on August 26, 2009 who are presently receiving distribution service either directly from another utility, electric cooperative or municipally owned utility (T or D Provider) or through a REP served by another T or D Provider, and whose request to change service to the other T or D Provider was made after August 26, 2009;
3. Retail customers located within Company's certificated service area as it existed on August 26, 2009 and who are served by New On-Site Generation. New On-

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Site Generation means "New On-Site Generation" as defined in the Financing Order.

4. REPs that serve retail customers located within Company's certificated service area as it existed on August 26, 2009.
5. Any other entity which, under the terms of the Financing Order or the Utilities Code, may be obligated to pay, bill, collect, or adjust the System Restoration Charges.

## **SECTION 2: CHARACTER OF SYSTEM RESTORATION CHARGES**

SR Charges are non-bypassable charges. All SR Charges other than those applicable to New On-Site Generation are computed and paid on the basis of individual end-use retail customer consumption or demand. In accordance with the Financing Order, the SR Charges applicable to use of New On-Site Generation that results in a "material reduction" of the customer's use of energy delivered through the Company's distribution facilities (as defined in the Financing Order) are computed and paid based on the output of the on-site generation used to meet the internal electric requirements of the customer. Customers with New On-Site Generation will also be required to pay the SR Charges applicable to energy actually delivered to the Customer through the Company's facilities. Individual end-use retail customers are responsible for paying SR Charges billed to them in accordance with the terms of this Schedule SRC whether the charges are billed directly by Servicer or are included in the bills submitted to the customer by a REP or another entity. Payment is to be made to the entity that bills the customer in accordance with the terms of the Servicing Agreement and the Financing Order. The billing entity may be the Company, a successor servicer, a REP or an entity designated to collect SR Charges in place of the REP.

The SR Charges are separate charges to be paid in addition to any other applicable charges for services received. Although the SR Charges are separate charges, they may be included within other charges of the billing entity.

The REP or entity designated to collect SR Charges in place of the REP will pay SR Charges (less an allowance for charge-offs calculated pursuant to this Schedule SRC) to Servicer in accordance with the requirements of the Financing Order and this Schedule SRC whether or not it has collected the SR Charges from its customers. To the extent that the REP's actual charge-offs differ from the charge-off allowance, adjustments will be made pursuant to this Schedule SRC. The REP will have no right to reimbursement other than as expressly set out in this Schedule SRC.

Servicer will remit collections to the SPE in accordance with the terms of the Servicing Agreement.

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### **SECTION 3: TERM**

This Schedule SRC is effective beginning on the date the system restoration bonds are issued. Schedule SRC will remain in effect as provided in the Financing Order until the SR Charges collected and remitted to the SPE are sufficient to satisfy all obligations of the SPE to pay principal and interest on the system restoration bonds (as due over the 13-year term of the system restoration bonds) and to pay all other qualified costs as provided in the Financing Order. However, in no event will the SR Charges be billed for service provided after 15 years from issuance of the system restoration bonds, or sooner if the system restoration bonds are paid in full at an earlier date. This Schedule SRC is irrevocable.

### **SECTION 4: SYSTEM RESTORATION CHARGE CLASSES**

SR Charges are calculated and applied by SRC Class. There are 5 SRC Classes. Each SRC Class is defined in terms of the base rate tariff classes existing on the Company's system on August 26, 2009. The SRC Classes are:

- Residential Service
- Secondary Service Less Than or Equal to 10 kVA
- Secondary Service Greater than 10 kVA
- Primary Service
- Lighting Services

### **SECTION 5: PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS**

The initial Periodic Billing Requirement Allocation Factors ("PBRAF") for each SRC Class are set out below. These initial PBRAs will remain in effect throughout the life of the system restoration bonds unless a modification of the factors is made pursuant to the allocation factor adjustment provisions in Section 6 of this Schedule SRC:

#### ***INITIAL PERIODIC BILLING REQUIREMENT ALLOCATION FACTORS***

<b><i>SRC CLASS</i></b>	<b><i>PBRAFF</i></b>
Residential Service	64.9176%
Secondary Service Less Than or Equal to 10 kVA	3.3795%
Secondary Service Greater than 10 kVA	24.9808%
Primary Service	2.0000%
Lighting Services	4.7221%

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**SECTION 6: ALLOCATION FACTOR ADJUSTMENTS**

The PBRAFs will be subject to adjustment using the procedures in this Section 6. Any adjustment required under this Section 6 will be made effective on the date of an annual Standard True-up Adjustment. Required adjustments will be made in the following order: first, adjustments will be made under Part A; second, adjustments will be made under Part B.

For purposes of determining whether an allocation adjustment is required under Parts A and B of this Section 6 and adjusting PBRAFs pursuant to those Parts, the SRC Classes will be combined into two groups (SRC Groups) as follows:

***SRC GROUPS***

<b><i>SRC GROUP</i></b>	<b><i>SRC CLASSES</i></b>	<b><i>INITIAL GROUP ALLOCATION PERCENTAGE</i></b>
Residential	Residential	64.9176%
Non-Residential	All other SRC Classes	35.0824%

**Part A: Inter-Group Adjustments Due to Cumulative Load Loss**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set SR Charges for each SRC Class during the ensuing year to the billing determinants in effect on the original effective date of Schedule SRC (such billing determinants are hereafter referred to as the “Base Billing Determinants”). The PBRAFs of all SRC Classes in all SRC Groups will be adjusted if one or more SRC Groups experience load loss aggregating 50% or more on a cumulative basis when measured against the Base Billing Determinants. The adjustments under this Part A will be made using the following procedures:

Step 1:

For each SRC Group, if $CTCOL_G / PBR_G \geq 0.50$	Then, no PBR AF adjustment will occur and any adjustment made in previous years under Part A shall be reversed
For each SRC Group, if $CTCOL_G / PBR_G < 0.50$	Then, a PBR AF adjustment will be calculated pursuant to Steps 2 through 5.

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Where:

$CTCOL_G$  = cumulative test collections for group G =  $\sum CC_c * FBU_c$  for all classes (c) in Group (G)

$FBU_c$  = forecasted billing determinants for class c

$CC_c$  = cumulative test charge for class c =  $\{PBRAF_c * PBR_T\} / BBD_c$

$PBRAF_c$  = the PBRAFs then in effect

$PBR_T$  = total periodic billing requirement for upcoming period

$BBD_c$  = Base Billing Determinants for class c

$PBR_G$  = periodic billing requirement for group =  $\sum PBRAF_c * PBR_T$  for all classes in G

Step 2:

For each SRC Group in Step 1 where  $CTCOL_G / PBR_G < 0.50$ , a reduction amount ( $RED_G$ ) will be calculated for group G where

$$RED_G = 0.5 (PBR_G - CTCOL_G)$$

Step 3:

For all SRC Groups, a reallocation amount for that group ( $RA_G$ ) shall be calculated where:

$$RA_G = GAP_G * \{\sum RED_G\} \text{ for all Groups}$$

Where:

$$GAP_G = \text{Group Allocation Percentage} = \sum PBRAF_c \text{ for all classes in the group}$$

Step 4:

For all SRC groups a Group Allocation Percentage Adjustment ( $GAPA_G$ ) shall be calculated where:

$$GAPA_G = (RA_G - RED_G) / PBR_T$$

Where:

$$\sum GAPA_G = 0 \text{ for all G}$$

Step 5:

For all SRC classes, the PBRAF adjustment for class c ( $PBRAFA_c$ ) will be calculated for use in calculating adjustments to the SR Charges under Section 8 where

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$$PBRAF_{A_c} = GAP_{A_G} * (PBRAF_{c_j} / GAP_{G_j})$$

**Part B: Inter-Group Adjustments Due to Year-Over-Year Load Loss**

In connection with each annual Standard True-up Adjustment, the Company will compare the projected billing determinants being used to set SR Charges for each SRC Class during the ensuing year to the forecasted billing determinants used to develop the then currently effective SR Charges for the class (such amount is hereinafter referred to as the “Prior Year Billing Determinants”). The PBRAFs of all SRC Classes in all SRC Groups will be adjusted if (i) one or more SRC Groups experience load loss of 10% or greater on a year-over-year basis when compared to the Prior Year Billing Determinants or (ii) any SRC Group for which an adjustment was made under this Part B in one or more prior years experiences load growth resulting in projected billing determinants for the current year at a level which, if they had existed in one or more of such prior year(s) would have resulted in no adjustment to PBRAFs in such prior year(s). No reduction in PBRAFs will be made under this Part B for any SRC Group for which a reduction amount was computed under Step 5 of Part A. The adjustments under this Part B will be made using the following procedures:

**Step 1:**

For each SRC Group not adjusted under Part A,

If $YTCOL_G / PBR_G \geq 0.90$	Then, no PBRAF adjustment will occur.
If $YTCOL_G / PBR_G > 1.00$	Then, no PBRAF adjustment will occur and any prior year adjustments made under B will be reversed pursuant to step 6.
If $YTCOL_G / PBR_G < 0.90$	Then, a PBRAF adjustment will be calculated pursuant to Steps 2 through 5.

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Where:

$YTCOL_G$  = year-to-year test collections for group G =  $\sum YC_c * FBU_c$  for all classes (c) in Group (G)

$FBU_c$  = forecasted billing determinants for class c

$YC_c$  = year-to-year test charge for class c =  $\{PBRAF_c * PBR_T\} / FBU_c^{-1}$

$PBRAFC_c$  = the PBRAFs then in effect

$PBR_T$  = total periodic billing requirement for upcoming period

$FBU_c^{-1}$  = prior year's forecasted billing determinants for class c

$PBR_G$  = periodic billing requirement for group =  $\sum PBRAF_c * PBR_T$  for all classes in the group

Step 2:

For each SRC Group in Step 1 where  $YTCOL_G / PBR_G < 0.90$ , a year to year reduction amount ( $YRED_G$ ) shall be calculated where

$$YRED_G = 0.9 (PBR_G - YTCOL_G)$$

Step 3:

For all SRC Groups, a year to year reallocation amount ( $YRA_G$ ) shall be calculated where:

$$YRA_G = GAP_G * \{\sum YRED_G\} \text{ for all groups}$$

Where:

$GAP_G$  = Group Allocation Percentage =  $\sum PBRAF_c$  for all classes in the group

Step 4:

For all SRC groups a year to year group allocation percentage adjustment ( $YGAPA_G$ ) shall be calculated where:

$$YGAPA_G = (YRA_G - YRED_G) / PBR_T$$

Where  $\sum GAPAG = 0$  for all G

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**Step 5:**

For all SRC classes, a year to year PBRAF adjustment ( $YPBRAFA_c$ ) shall be calculated for use in calculating adjustments to the SR Charges under Section 8 where:

$$YPBRAFA_c = YGAPAG * (PBRAF_c / GAP_G)$$

**Step 6:**

if  $\{\sum (YC_c * FBU_c)\} / \{\sum (YC_c * FBU_c^{t-1})\} \geq .90$  (for all classes in group G) then the adjustment made in year t shall be discontinued.

if  $\{\sum (YC_c * FBU_c)\} / \{\sum (YC_c * FBU_c^{t-1})\} < .90$  (for all classes in group G) then the adjustment made in year t carries forward.

Where  $FBU_c^{t-1}$  is the forecasted billing determinants from the year prior to the year an adjustment was made.

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**SECTION 7: SYSTEM RESTORATION CHARGES**

The SR Charges to be applied beginning on the effective date of this Schedule SRC are set out below. SR Charges to be applied in subsequent periods (Adjusted SR Charges) will be determined in the manner described in Section 8.

***SYSTEM RESTORATION CHARGES***

<b><i>SRC CLASS</i></b>	<b><i>PER UNIT CHARGE</i></b>	<b><i>BILLING UNIT</i></b>
Residential Service	\$0.001753	Per kWh
Secondary Service Less Than or Equal to 10 kVA	\$0.002083	Per kWh
Secondary Service Greater than 10 kVA	\$0.153885	Per Billing kVA
Primary Service	\$0.113451	Per Billing kVA
Lighting Services	\$0.010811	Per kWh

The billing units are defined as in the base rate tariff. Any change in determination of these billing units will be effective for this Schedule SRC at the next annual true-up adjustment.

In addition, each customer which has New On-Site Generation shall pay an amount each month computed by multiplying the output of the on-site generation used to serve the internal electric requirements of the customer (Billing kVA) by the SR Charge in effect for services provided to customers in that class during the month. This amount shall be in addition to any SR Charges applicable to demand actually delivered to the customer through the Company's or another T&D Provider's facilities.

**SECTION 8: STANDARD TRUE-UP FOR ADJUSTMENT OF SR CHARGES**

SR Charges will be adjusted annually effective on October 15th to ensure that the expected collection of SR Charges is adequate to pay principal and interest on the system restoration bonds when due pursuant to the expected amortization schedule, and pay as due all other qualified costs. In addition to these annual true-up adjustments, true-up adjustments may be made more frequently at any time during the term of the system restoration bonds to correct any under-collection or over-collection of system restoration charges, as provided for in the Financing Order, in order to assure timely payment of system restoration bonds based on rating agency and bondholder considerations. In addition to the foregoing, either of the following two conditions may result in an interim true-up adjustment in the month prior to an upcoming system restoration bond principal payment date:

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- (a) The collection of SR Charges for the upcoming payment date will result in a difference that is greater than 5% in absolute value, between (i) the actual outstanding principal balances of the system restoration bonds plus amounts on deposit in the excess funds subaccount and (ii) the outstanding principal balances anticipated in the target amortization schedule; or
- (b) To meet a rating agency requirement that any series of system restoration bonds be paid in full by the expected maturity date for any series of system restoration bonds that matures after a date determined mutually, at the time of pricing by the Company and the Commission's designated personnel or financial advisor.

In no event will interim true-up adjustments occur more frequently than every three months if quarterly system restoration bond payments are required or every six months if semi-annual system restoration bond payments are required; provided, however, that interim true-up adjustments for any system restoration bonds remaining outstanding during the fourteenth and fifteenth year after the bonds are issued may occur quarterly.

All annual and interim adjustments will be designed to cause (i) the outstanding principal balance of the system restoration bonds to be equal to the scheduled balance on the expected amortization schedule; (ii) the amount in the capital subaccount to be equal to the required capital plus any investment earnings on amounts in the capital subaccount to the extent that the investment earnings have not been released to the SPE and (iii) the excess funds subaccount to be zero by a payment date preceding the next adjustment or by the final payment date, if the next payment date is the final payment date.

### **TRUE-UP ADJUSTMENT PROCEDURE FOR STANDARD AND INTERIM TRUE-UPS**

Servicer will calculate the Adjusted SR Charges using the methodology described below and will file the Adjusted SR Charges with the Commission. Annual adjustments will be filed 15 days prior to the effective date of the Adjusted SR Charges unless an adjustment to the PBR AFs is required under Section 6 in which case the annual adjustment will be filed not later than 90 days prior to the effective date. Interim Adjustments will be filed not less than 15 days prior to the effective date of the Adjusted SR Charges.

The Adjusted SR Charge for the upcoming period for each class ( $SRC_c$ ) shall be computed as follows:

For the residential class,

$$SRC_c = PBR_T * (PBRAF_c + PBRAFA_c + YPBRAFA_c^t) / FBU_c$$

For classes in the Non-Residential SRC Group:

$$SRC_c = SRC_c^{-1} \{ \Sigma [PBR_T * (PBRAF_c + PBRAFA_c + YPBRAFA_c^t)] / \Sigma (SRC_c^{-1} * FBU_c) \}$$

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For all classes in the non-residential group,

Where

$SRC_c^{-1}$  = the SR charge for that class from the previous period

$PBR_T$  = Periodic Billing Requirement for the ensuing period (the 12 months beginning on the effective date of the adjusted SR Charges in the case of annual true-ups and the period until the next scheduled annual true-up in the case of interim adjustments). The Periodic Billing Requirement will be the amounts required to pay principal and interest on the system restoration bonds when due pursuant to the expected amortization schedule, pay as due all other qualified costs, and recover any net system under-collections or credit any net system over-collections so that (i) the outstanding principal balance of the system restoration bonds will be equal to the scheduled balance on the expected amortization schedule; (ii) the amount in the capital subaccount will be equal to the required capital plus any investment earnings on amounts in the capital subaccount to the extent that the investment earnings have not been released to the SPE and (iii) the excess funds subaccount will be zero by a payment date preceding the next adjustment or by the final payment date, if the next payment date is the final payment date.

$PBRAFC_c$  = the PBRAFs then in effect.

$PBRAFA_c$  = the adjustment (if any) from Section 6, Part A, Step 5

$YPBRAFA_c^t$  = the adjustment from Section 6, Part B, Step 5 for every year t in which an adjustment was made unless that adjustment was discontinued under Section 6, Part B, Step 6.

$FBU_c$  = the forecasted billing determinants for the upcoming period

## **SECTION 9: BILLING AND COLLECTION TERMS AND CONDITIONS**

SR Charges will be billed and collected as set forth in this Schedule SRC. The terms and conditions for each party are set forth below.

### **A. Billings by Servicer to other T or D Providers:**

1. SR Charges applicable to former retail customers of the Company in multiply certificated service areas who are now taking service directly from other T or D Providers or through REPs served by other T or D Providers will be billed to and collected from the other T or D Provider, which, in turn will be responsible for collecting the SR Charges from the retail customers and REPs.

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2. The T or D Provider shall pay all SR Charges not later than 35 days after bill is mailed by Servicer. The T or D Provider shall make such payment regardless of whether it collects such charges from the end-use retail customer or REP.
- B. Billings by Servicer to New On-Site Generation:
1. Customers subject to SR Charges for New On-Site Generation shall pay such charges in full not later than sixteen days after the date the bill is mailed to the customer.
  2. SR Charges applicable to New On-Site Generation are in addition to applicable SR Charges under A above or C below.
  3. If the entity with New On-Site Generation receives transmission or distribution service from the Company or another T or D Provider, Servicer shall have the same right to terminate service or require the other provider to terminate service for non-payment of SR Charges as the Company has to terminate service for non-payment of charges under the Company's rate schedules. Any termination shall comply with applicable Commission rules.
- C. Billings by the REP or its replacement to end-use customers:
1. REPs will bill and collect, or cause to be billed and collected, all SR Charges applicable to consumption by retail customers served by the REP.
  2. If Servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If Servicer is not providing the metering, the entity providing metering services will be responsible for complying with Commission rules and ensuring that Servicer and the REP will receive timely and accurate metering data in order for Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.
  3. Each REP must (1) have a long-term, unsecured credit rating of not less than "BBB-" and "Baa3" (or the equivalent) from Standard & Poor's and Moody's Investors Service, respectively, or (2) provide (A) a deposit of two months' maximum expected SR Charge collections in the form of cash, (B) an affiliate guarantee, surety bond, or letter of credit providing for payment of such amount of SR Charge collections in the event that the REP defaults in its payment obligations, or (C) a combination of any of the foregoing. A REP that does not have or maintain the requisite long-term, unsecured credit rating may select which alternate form of deposit, credit support, or combination thereof it will utilize, in its sole discretion. The indenture trustee shall be the beneficiary of any affiliate guarantee, surety bond or letter of credit. The provider of any affiliate guarantee,

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surety bond, or letter of credit must have and maintain a long-term, unsecured credit rating of not less than “BBB-” and “Baa3” (or the equivalent) from Standard & Poor’s and Moody’s Investors Service, respectively.

4. If the long-term, unsecured credit rating from either Standard & Poor’s or Moody’s Investors Service of a REP that did not previously provide the alternate form of deposit, credit support, or combination thereof or of any provider of an affiliate guarantee, surety bond, or letter of credit is suspended, withdrawn, or downgraded below “BBB-” or “Baa3” (or the equivalent), the REP must provide the alternate form of deposit, credit support, or combination thereof, or new forms thereof, in each case from providers with the requisite ratings, within 10 business days following such suspension, withdrawal, or downgrade. A REP failing to make such provision must comply with the provisions set forth in paragraph 3 of Section D, Billings by Servicer to the REP or its replacement (when applicable).
5. The computation of the size of a required deposit shall be agreed upon by Servicer and the REP, and reviewed no more frequently than quarterly to ensure that the deposit accurately reflects two months’ maximum collections. Within 10 business days following such review, (1) the REP shall remit to the indenture trustee the amount of any shortfall in such required deposit or (2) Servicer shall instruct the indenture trustee to remit to the REP any amount in excess of such required deposit. A REP failing to so remit any such shortfall must comply with the provisions set forth in Paragraph 3 of the Section D, Billings by Servicer to the REP or its replacement (when applicable). REP cash deposits shall be held by the indenture trustee, maintained in a segregated account, and invested in short-term high quality investments, as permitted by the rating agencies rating the system restoration bonds. Investment earnings on REP cash deposits shall be considered part of such cash deposits so long as they remain on deposit with the indenture trustee. At the instruction of Servicer, cash deposits will be remitted with investment earnings to the REP at the end of the term of the system restoration bonds unless otherwise utilized for the payment of the REP’s obligations for System Restoration Bond payments. Once the deposit is no longer required, Servicer shall promptly (but not later than 30 calendar days) instruct the indenture trustee to remit the amounts in the segregated accounts to the REP.
6. In the event that a REP or the Provider of Last Resort (POLR) is billing customers for SR Charges, the REP shall have the right to transfer the customers to the POLR (or to another certified REP) or to direct Servicer to terminate transmission and distribution service to the end-use customer for non-payment by the end-use customer pursuant to applicable Commission rules.

D. Billings by Servicer to the REP or its replacement (when applicable):

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1. Servicer will bill and collect from REPs all SR Charges applicable to consumption by retail customers served by the REP, including applicable customers served by New On-Site Generation.
2. Payments of SR Charges are due 35 calendar days following each billing by Servicer to the REP, without regard to whether or when the REP receives payment from the end-use retail customers. Servicer shall accept payment by electronic funds transfer, wire transfer, and/or check. Payment will be considered received the date the electronic funds transfer or wire transfer is received by Servicer, or the date the check clears. A 5% penalty is to be charged on amounts received after 35 calendar days; however, a 10 calendar-day grace period will be allowed before the REP is considered to be in default. A REP in default must comply with the provisions set forth in paragraph 3 of this Section D. The 5% penalty will be a one-time assessment measured against the current amount overdue from the REP to Servicer. The “current amount” consists of the total unpaid SR Charges existing on the 36<sup>th</sup> calendar day after billing by Servicer. Any and all such penalty payments will be made to the indenture trustee to be applied against SR Charge obligations. A REP shall not be obligated to pay the overdue SR Charges of another REP. If a REP agrees to assume the responsibility for the payment of overdue SR Charges as a condition of receiving the customers of another REP that has decided to terminate service to those customers for any reason, the new REP shall not be assessed the 5% penalty upon such SR Charges; however, the prior REP shall not be relieved of the previously-assessed penalties.
3. After the 10 calendar-day grace period (the 45<sup>th</sup> calendar day after the billing date), Servicer shall have the option to seek recourse against any cash deposit, affiliate guarantee, surety bond, letter of credit, or combination thereof provided by the REP, and avail itself of such legal remedies as may be appropriate to collect any remaining unpaid SR Charges and associated penalties due Servicer after the application of the REP’s deposit or alternate form of credit support. In addition, a REP that is in default with respect to the requirements set forth in paragraphs 4 and 5 of Section C and paragraph 2 of this Section D shall select and implement one of the following options:
  - (a) Allow the POLR or a qualified REP of the customer’s choosing to immediately assume the responsibility for the billing and collection of SR Charges.
  - (b) Immediately implement other mutually suitable and agreeable arrangements with Servicer. It is expressly understood that Servicer’s ability to agree to any other arrangements will be limited by the terms of the Servicing Agreement and requirements of rating agencies that have

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Applicable: Entire Service Area

rated the system restoration bonds necessary to avoid suspension, withdrawal or downgrade of the ratings on the system restoration bonds.

- (c) Arrange that all amounts owed by retail customers for services rendered be timely billed and immediately paid directly into a lock-box controlled by Servicer with such amounts to be applied first to pay SR Charges before the remaining amounts are released to the REP. All costs associated with this mechanism will be borne solely by the REP.

If a REP that is in default does not immediately select and implement one of the options specified in (a), (b) or (c) or, after so selecting one of the foregoing options, fails to adequately meet its responsibilities thereunder, then Servicer shall immediately implement option (a), subject to the limitations and requirements of the bankruptcy code if the REP is a debtor in bankruptcy. Upon re-establishment of compliance with the requirements set forth in paragraphs 4 and 5 of Section C and paragraph 2 of this Section D and the payment of all past-due amounts and associated penalties, the REP will no longer be required to comply with this paragraph 3.

4. The POLR appointed by the Commission must meet the minimum credit rating or deposit/credit support requirements described in paragraph 3 of Section C (“Billings by the REP or its Replacement to end-use customers”) in addition to any other standards that may be adopted by the Commission. If the POLR defaults or is not eligible to provide such services, responsibility for billing and collection of SR Charges will immediately be transferred to and assumed by Servicer until a new POLR can be named by the Commission or the customer requests the services of a certified REP. Retail customers may never be re-billed by the successor REP, the POLR, or Servicer for any amount of SR Charges they have paid their REP (although future SR Charges shall reflect REP and other system-wide charge-offs). Additionally, if the amount of the penalty detailed in paragraph 2 of this Section D is the sole remaining past-due amount after the 45<sup>th</sup> calendar day, the REP shall not be required to comply with clauses (a), (b) or (c) of paragraph 3 of this Section D, unless the penalty is not paid within an additional 30 calendar days.
5. In the event that Servicer is billing customers for SR Charges, Servicer shall have the right to terminate transmission and distribution service to the end-use customer for non-payment by the end use customer pursuant to applicable Commission rules.
6. The REP will be allowed to hold back an allowance for charge-offs in its payments to Servicer. Such charge-off rate will be recalculated each year in connection with the annual true-up procedure. In the initial year, REPs will be allowed to remit payments based on the same charge-off percentage then being

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used by the REP to remit payments to the servicer in connection with transition charges related to transition bonds issued by CenterPoint Energy Transition Bond Company II, LLC on December 16, 2005. On an annual basis in connection with the true-up adjustment process, the REP and Servicer will be responsible for reconciling the amounts held back with amounts actually written off as uncollectible in accordance with the terms agreed to by the REP and Servicer, provided that:

- (a) The REP's right to reconciliation for write-offs will be limited to customers whose service has been permanently terminated and whose entire accounts (*i.e.*, all amounts due the REP for its own account as well as the portion representing SR Charges) have been written off.
  - (b) The REP's recourse will be limited to a credit against future SR Charge payments unless the REP and Servicer agree to alternative arrangements, but in no event will the REP have recourse to the indenture trustee, the SPE or the SPE's funds for such payments.
  - (c) The REP shall provide information on a timely basis to Servicer so that Servicer can include the REP's default experience and any subsequent credits into its calculation of the adjusted SR Charge rates for the next SR charge billing period and the REP's rights to credits will not take effect until such adjusted SR Charge rates have been implemented.
7. In the event that a REP disputes any amount of billed SR Charges, the REP shall pay the disputed amount under protest according to the timelines detailed in paragraph 2 of this Section D. The REP and Servicer shall first attempt to informally resolve the dispute, but if they fail to do so within 30 calendar days, either party may file a complaint with the Commission. If the REP is successful in the dispute process (informal or formal), the REP shall be entitled to interest on the disputed amount paid to Servicer at the Commission-approved interest rate. Disputes about the date of receipt of SR Charge payments (and penalties arising thereof) or the size of a required REP deposit will be handled in a like manner. It is expressly intended that any interest paid by Servicer on disputed amounts shall not be recovered through SR Charges if it is determined that Servicer's claim to the funds is clearly unfounded. No interest shall be paid by Servicer if it is determined that Servicer has received inaccurate metering data from another entity providing competitive metering services pursuant to Utilities Code Section 39.107.
8. If Servicer is providing the metering, metering data will be provided to the REP at the same time as the billing. If Servicer is not providing the metering, the entity providing metering services will be responsible for complying with Commission rules and ensuring that Servicer and the REP will receive timely and accurate

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metering data in order for Servicer to meet its obligations under the Servicing Agreement and the Financing Order with respect to billing and true-ups.

### **OTHER TERMS AND CONDITIONS**

If the customer or REP pays only a portion of its bill, a pro-rata portion of SR Charge revenues shall be deemed to be collected. The Company will allocate any shortfall first, ratably based on the amount owed for SR Charges and the amount owed for other fees and charges, other than late charges, owed to the Company or any successor, and second, all late charges shall be allocated to the Company or any successor.

If the Company does not regularly include the notice described below in the bills sent by it to REPs or directly to retail customers, then at least once each year the Company shall cause to be prepared and delivered to REPs and such customers a notice stating, in effect, that the amount billed includes SR Charges which were authorized by the Financing Order dated August 26, 2009 and have been transferred to and are being collected on behalf of CenterPoint Energy Restoration Bond Company, LLC and are not owned by the Company. In the customer's initial bill from the REP and at least once each year thereafter, each REP that bills SR Charges shall cause to be prepared and delivered to its customers a notice stating, in effect, that the amount billed includes SR Charges which were authorized by the Financing Order dated August 26, 2009 and have been transferred to and are being collected on behalf of CenterPoint Energy Restoration Bond Company, LLC and are not owned by the REP or the Company, and that under certain circumstances described in Schedule SRC Servicer may be permitted to collect the SR Charges directly from the retail customer. Such notice shall be included either as an insert to or in the text of the bills delivered to such REPs or customers, as applicable, or shall be delivered to REPs or customers by electronic means or such other means as Servicer or the REP may from time to time use to communicate with their respective customers.

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Applicable: Entire Service Area

**6.1.1.3 CTC**

**6.1.1.3.1 RIDER CTC - COMPETITION TRANSITION CHARGES**

This Rider is not applicable.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8022

**6.1.1.4 CHARGES FOR SBF****6.1.1.4.1 RIDER SBF - SYSTEM BENEFIT FUND****AVAILABILITY**

Pursuant to Utility Code, Section 39.903, the system benefit fund (SBF) is a nonbypassable fee set by the Public Utility Commission (PUC).

**MONTHLY RATE**

A Retail Customer's SBF fee for the billing month shall be determined by multiplying the appropriate SBF factor shown below by the current month's billing kWh as determined in the Retail Customer's applicable Rate Schedule.

<u>Rate Schedule</u>	<u>Factor Effective 1/1/02</u>
Residential Service	\$0.000655 per kWh
Secondary Service Less than or Equal to 10 kVA	\$0.000656 per kWh
Secondary Service Greater than 10 kVA	\$0.000657 per kWh
Primary Service	\$0.000641 per kWh
Transmission Service	\$0.000635 per kWh
Lighting Services	\$0.000655 per kWh

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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Applicable: Entire Service Area

CNP 8023

**6.1.1.5 CHARGES FOR NUCLEAR DECOMMISSIONING****6.1.1.5.1 RIDER NDC - NUCLEAR DECOMMISSIONING CHARGES****AVAILABILITY**

Pursuant to Public Utility Regulatory Act §39.205 and Public Utility Commission of Texas Substantive Rule 25.303, the nuclear decommissioning charge (NDC) is a nonbypassable charge applicable to all Retail Customers.

**MONTHLY RATE**

A Retail Customer's NDC for the billing month shall be determined by multiplying the appropriate NDC factor shown below by the Retail Customer's applicable billing determinant for the current month.

<b>Retail Customer Rate Classes</b>	<b>Nuclear Decommissioning Charge Factor</b>	<b>Rate Class Billing Determinant</b>
Residential Service	\$0.000049	Per kWh
Secondary Service Less than or Equal to 10 kVA	\$0.000032	Per kWh
Secondary Service Greater than 10 kVA	\$0.008909	Per Billing kVA
Primary Service	\$0.009268	Per Billing kVA
Transmission Service	\$0.012116	Per 4 CP kVA
Lighting Services	\$0.000019	Per kWh

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

CNP 8025

### **6.1.1.6 OTHER CHARGES**

#### **6.1.1.6.1 RIDER SCUD - STATE COLLEGES AND UNIVERSITIES DISCOUNT**

##### **AVAILABILITY**

This rider is available to any facility of a four-year state university, upper-level institution, Texas State Technical College, or college as provided for in Sec. 36.351 of the Utilities Code, and is applicable to Delivery System Service taken pursuant to a Rate Schedule which specifically references this Rider (the "Effectuating Rate Schedule").

##### **MONTHLY RATE DISCOUNT**

The total of the Transmission and Distribution Charges (including Municipal Franchise Fee), System Benefit Fund Charge, and Nuclear Decommissioning Charge that would otherwise be applicable under the Effectuating Rate Schedule, shall be reduced by 20%.

##### **NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

CNP 8026

**6.1.1.6.2 RIDER EMC - EXCESS MITIGATION CREDIT**

This Rider is not applicable.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8027

**6.1.1.6.3 RIDER TCRF - TRANSMISSION COST RECOVERY FACTOR****APPLICABILITY**

Each Retail Customer connected to the Company's transmission or distribution system will be assessed a nonbypassable transmission service charge adjustment pursuant to this rider. The charges derived herein, pursuant to Substantive Rule §25.193, are necessitated by a change in a transmission service provider's wholesale transmission rate subsequent to Commission approval of the Company's base rate charge for transmission service.

**MONTHLY RATE**

The REP, on behalf of the Retail Customer, will be assessed this transmission service charge adjustment based on the monthly per unit cost (TCRF) multiplied times the Retail Customer's appropriate monthly billing determinant (kWh, 4 CP kVA or NCP kVA).

The TCRF shall be calculated for each rate according to the following formula:

$$\text{TCRF} = \frac{\left[ \sum_{i=1}^N (\text{NWTR}_i * \text{NL}_i) - \sum_{i=1}^N (\text{BWTR}_i * \text{NL}_i) \right] * \text{ALLOC}}{\text{BD}}$$

Where:

TCRF = Transmission Cost Recovery Factor in dollars per kWh, dollars per 4 CP kVA or dollars per NCP kVA to be used for billing for each listed rate schedule. The rate schedules are listed under "ALLOC" below.

NWTR<sub>i</sub> = The new wholesale transmission rate of a TSP approved by the Commission by order or pursuant to Commission rules, since the DSP's last rate case;

BWTR<sub>i</sub> = The base wholesale transmission rate of the TSP represented in the NWTR<sub>i</sub>, used to develop the retail transmission charges of the Company, in the Company's last rate case.

NL<sub>i</sub> = The Company's individual 4CP load component of the total ERCOT 4CP load information used to develop the NWTR<sub>i</sub>;

ALLOC = The class allocator approved by the Commission to allocate the transmission revenue requirement among classes in the Company's last rate case, unless otherwise ordered by the Commission.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8027

The Allocation Factor for each listed rate schedule is as follows:

Residential Service	45.60%
Secondary Service Less Than or Equal to 10 kVA	1.50%
Secondary Service Greater Than 10 kVA	37.00%
Primary Service	4.00%
Transmission Service	11.90%
Street Lighting Service	0.00%
Miscellaneous Lighting Service	0.00%

BD = Each class' annual billing determinant (kWh, 4 CP kVA, or NCP kVA) for the previous calendar year.

**TCRF EFFECTIVE FOR SCHEDULED METER READ DATES ON AND AFTER  
SEPTEMBER 1, 2010**

	<u>TCRF</u>	<u>Billing Units</u>
Residential Service	\$ 0.001912	per kWh
Secondary Service Less Than or Equal to 10 kVA	\$ 0.001397	per kWh
Secondary Service Greater Than 10 kVA		
IDR	\$ 0.490320	per 4 CP kVA
Non-IDR	\$ 0.404196	per NCP kVA
Primary Service		
IDR	\$ 0.534553	per 4 CP kVA
Non-IDR	\$ 0.689961	per NCP kVA
Transmission Service	\$ 0.488201	per 4 CP kVA
Lighting Services		
Street Lighting Service	\$ -	per kWh
Miscellaneous Lighting Service	\$ -	per kWh

**NOTICE**

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC  
 Applicable: Entire Service Area

CNP 8028

#### 6.1.1.6.4 RATE ESS - RETAIL ELECTRIC SERVICE SWITCHOVERS

A request to switch service to a consuming facility to another utility that has the right to serve the facility shall be handled pursuant to Public Utility Commission of Texas Substantive Rule §25.27, a copy of which will be provided upon request.

Applicable to  
 consuming facilities  
served at 480 volts or less

Base Charge:	\$195.00
Base Charge Adder:	\$ 62.00

#### Stranded Cost Recovery

In addition to the charges above, stranded cost recovery charges will be assessed in accordance with the Public Utility Regulatory Act, Section 39.252(c), which states:

“In multiply certificated areas, a retail customer may not avoid stranded cost recovery charges by switching to another electric utility, electric cooperative, or municipally owned utility after May 1, 1999. A customer in a multiply certificated service area that requested to switch providers on or before May 1, 1999, or was not taking service from an electric utility on May 1, 1999, and does not do so after that date is not responsible for paying retail stranded costs of that utility.”

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 786

**6.1.1.6.5 RIDER CMC - COMPETITIVE METERING CREDIT****AVAILABILITY**

Pursuant to PUCT Substantive Rule §25.311, competitive metering services may be provided to commercial and industrial customers that are required by the independent system operator (ERCOT) to have an interval data recorder (IDR) meter. As of October 1, 2005, ERCOT's mandatory IDR installation threshold is a peak demand greater than 700 kW or kVA. The competitive metering credit is applicable to the electric service identifier (ESI ID) applicable to the electric service identifier (ESI ID) of a non-residential Retail Customer that has executed the Company's Agreement for Meter Ownership and/or Access and for which the Company has installed a Non-Company Owned Billing Meter. An applicable ESI ID will receive only one Competitive Metering Credit per month.

**MONTHLY COMPETITIVE METERING CREDIT**

The Retail Electric Provider of record for the applicable ESI ID will receive one credit per month for the Retail Customer's utilization of a Non-Company Owned Billing Meter according to the table below, based on ESI ID's rate class, subclass and meter type.

<b>Rate Class</b>	<b>Monthly Credit</b>
Secondary Service > 10 kVA	
Non-IDR Meter- Standard Class	\$ 4.28
Non-IDR Meter- Subclass Exception	\$ 2.29
IDR Meter	\$15.69
Primary Service	
Non-IDR Meter- Standard Class	\$ 4.28
Non-IDR Meter- Subclass Exception	\$ 2.29
IDR Meter	\$15.69
Transmission Service	\$15.69

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 860

**6.1.1.6.6 RIDER RCE - RATE CASE EXPENSES SURCHARGE**

This Rider is not applicable.

CenterPoint Energy Houston Electric, LLC  
 Applicable: Entire Service Area

CNP 874

### 6.1.1.6.7 RIDER UCOS RETAIL CREDIT - RURC

#### AVAILABILITY

Credits to be provided hereunder are applicable to the rate schedules listed below and shall remain in effect until the aggregate rate reduction attributable to RURC is \$12.8 million, at which time RURC shall terminate. RURC is expected to be in effect for a period of approximately four years (until mid-year of 2010), however, RURC will be terminated when the aggregate rate reduction attributable to RURC is \$12.8 million regardless of the duration of the period it is effective.

#### MONTHLY CREDIT

A Retail Customer's RURC for the billing month shall be determined by multiplying the appropriate RURC factor shown below by the current month's billing units as determined in the Retail Customer's applicable Rate Schedule.

	<u>RURC Factor</u>	<u>Billing Units</u>
Residential Service	(\$0.000059)	per kWh
Secondary Service Less Than or Equal to 10 kVA	(\$0.000044)	per kWh
Secondary Service Greater Than 10 kVA		
IDR	(\$0.016314)	per 4 CP kVA
Non-IDR	(\$0.012268)	per NCP kVA
Primary Service		
IDR	(\$0.016856)	per 4 CP kVA
Non-IDR	(\$0.015813)	per NCP kVA
Transmission Service	(\$0.016402)	per 4 CP kVA
Lighting Services		
Street Lighting Service	\$ -	per kWh
Miscellaneous Lighting Service	\$ -	per kWh

#### NOTICE

This rate schedule is subject to the Company's Tariff and Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 903

**6.1.1.6.8 RIDER AMS – SURCHARGE FOR ADVANCED METERING SYSTEM****AVAILABILITY**

Pursuant to Public Utility Regulatory Act §39.107 and Public Utility Commission of Texas Substantive Rule 25.130, the advanced metering system (AMS) surcharge is a nonbypassable surcharge applicable to the non-IDR customers in the Retail Customer Rate Classes listed below.

**MONTHLY RATE**

A Retail Customer's AMS surcharge for the billing month shall be the appropriate AMS surcharge shown below.

<b><u>Retail Customer Rate Classes</u></b>	<b><u>Advanced Metering System Surcharge</u></b>		
	<u>Months 1-24</u>	<u>Months 25-144</u>	
Residential Service	\$3.24	\$3.05	Per Retail Customer per Month
Secondary Service Less than or Equal to 10 kVA	\$3.14	\$3.14	Per Retail Customer per Month
Secondary Service Greater than 10 kVA	\$3.16	\$3.16	Per Non-IDR Retail Customer per Month
Primary Service	\$3.16	\$3.16	Per Non-IDR Retail Customer per Month

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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Applicable: Entire Service Area

**6.1.1.6.9 RIDER EECRF – ENERGY EFFICIENCY COST RECOVERY FACTOR****AVAILABILITY**

Pursuant to Public Utility Regulatory Act §39.905 and Public Utility Commission of Texas Substantive Rule §25.181, the energy efficiency cost recovery factor (EECRF) is a nonbypassable charge applicable to all Retail Customers.

**METHOD OF CALCULATION**

EECRF charges shall be calculated annually and shall equal by rate class the sum of: forecasted energy efficiency costs not in base rates, any adjustment for past over-recovery or under-recovery of EECRF costs, any energy efficiency performance bonus, and any deferred energy efficiency costs plus interest; divided by the forecasted billing units for each class.

**MONTHLY RATE**

A Retail Customer's EECRF for the billing month shall be determined by multiplying the appropriate EECRF charge shown below by the Retail Customer's applicable billing unit for the current month.

<b>Rate Class</b>	<b>EECRF Charge</b>	<b>Billing Unit</b>
Residential Service	\$0.38	Per Retail Customer Per Month
Secondary Service Less than or Equal to 10 kVA	(\$0.10)	Per Retail Customer Per Month
Secondary Service Greater than 10 kVA	\$3.30	Per Retail Customer Per Month
Primary Service	\$3.30	Per Retail Customer Per Month
Transmission Service – Non-Profit/Governmental	\$3.30	Per Retail Customer Per Month
Transmission Service – Industrial	(\$747.37)	Per Retail Customer Per Month
Lighting Services	(\$0.004360)	Per Lamp Per Month

**NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

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Applicable: Entire Service Area

### 6.1.1.6.10 RIDER ADFITC – ADFIT CREDIT

#### APPLICABILITY

Pursuant to the Settlement Agreement in Public Utility Commission of Texas Docket No. 37200, the ADFIT Credit is a negative charge to customers subject to Schedule SRC to provide customers the accumulated deferred federal income tax (ADFIT) benefits associated with Hurricane Ike restoration costs.

This schedule is applicable to distribution voltage level Retail customers and any other entity obligated to pay charges as defined under Schedule SRC.

#### TERM

This Rider ADFITC is effective beginning on the date Schedule SRC is effective and will remain in effect over the 13-year term of Schedule SRC.

#### ADFIT ALLOCATION FACTORS

The ADFIT Allocation Factors are the same as the PBRAFs in Schedule SRC and shall be adjusted to coincide with any PBRAF adjustments for Schedule SRC.

#### ADFIT CREDIT CHARGES

The ADFITC Charges to be applied beginning on the effective date of this Rider ADFITC are set out below. ADFITC Charges to be applied in subsequent periods will be determined in the annual true-up process described below.

#### *ADFIT CREDIT CHARGES*

<i>ADFITC CLASS</i>	<i>PER UNIT CHARGE</i>	<i>BILLING UNIT</i>
Residential Service	(\$0.000642)	Per kWh
Secondary Service Less Than or Equal to 10 kVA	(\$0.000741)	Per kWh
Secondary Service Greater than 10 kVA	(\$0.056777)	Per Billing kVA
Primary Service	(\$0.043816)	Per Billing kVA
Lighting Services	(\$0.003792)	Per kWh

The ADFITC classes and billing units are defined the same as the classes and billing units in Schedule SRC.

Revision Number: 1st

Effective: 10/15/10

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Applicable: Entire Service Area

In addition, ADFITC Charges are applicable to each customer which has New On-Site Generation as defined in Schedule SRC as and to the extent Schedule SRC charges are applicable to such customers.

### **ANNUAL TRUE-UP FOR ADJUSTMENT OF ADFITC CHARGES**

ADFITC Charges shall be adjusted at least annually effective on each date that charges in Schedule SRC become effective. The adjustment shall be made through a separate filing submitted at the same time as the Schedule SRC system restoration charge adjustment filing and using the same allocation factors and billing determinants as the system restoration charge adjustment filing. The ADFITC Charges shall be adjusted to (1) correct any over-credit or under-credit of the amounts previously scheduled to be provided to customers, (2) reflect the amounts scheduled to be provided to customers during the period the adjusted ADFITC Charges are to be effective, and (3) account for the effects, if any, on ADFIT of any insurance proceeds, government grants or other source of funding that compensate CenterPoint Houston for system restoration costs incurred.

### **TRUE-UP ADJUSTMENT PROCEDURE FOR ANNUAL TRUE-UPS**

Adjusted ADFITC Charges shall be calculated using the same methodology as described in Schedule SRC for the system restoration charges. The ADFITC Groups are defined the same as Schedule SRC Groups. Annual adjustments will be filed 15 days prior to the effective date of the Adjusted ADFITC Charges unless an adjustment to the ADFITC Allocation Factors is required in which case the annual adjustment will be filed not later than 90 days prior to the effective date.

### **OTHER TERMS AND CONDITIONS**

If the customer or REP pays only a portion of its bill, a pro-rata portion of ADFITC Charge credits shall be deemed to be credited equal to the pro-rata portion of Schedule SRC deemed collected according to Schedule SRC.

### **NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 872

**6.1.2 DISCRETIONARY CHARGES**

**6.1.2.1 STANDARD DISCRETIONARY SERVICES**

**i. Charges Billed by Company to Competitive Retailer**

The Discretionary Service Charges listed below are charges for which the Company shall bill the Competitive Retailer upon completion of the service. All charges for the services in 6.1.2 are included in the rates herein. No additional charges (such as processing fees, copying fees etc) shall apply. Company shall uniformly apply the standard TX SET code that corresponds to each service below on all invoices for such service.

Charge No.	Name and Description	Amount
	<p><b>Company shall be open for normal business Monday – Friday 8:00 AM – 5:00 PM and available for Priority/Same Day requests Monday – Friday 5:00 PM – 10:00 PM except on holidays designated in Section 3.18, NON-BUSINESS DAY DESIGNATIONS. Company shall be available for emergencies at all times. This shall not preclude Company from staffing at additional times.</b></p>	
<p><b>Connection Charges (Move-in)</b></p>		
<p>DCS.1</p>	<p><b>Standard Move-In</b>                      Applicable to requests to energize a Retail Customer’s connection to the Delivery System where at least two Business Days notice has been provided. Such requests, which include the corresponding TX SET code for standard service, and are received by Company at least two Business Days prior to the Competitive Retailer’s requested date shall be completed no later than the requested date. Requests received after 5:00 PM CPT or on a day that is not a Business Day, shall be considered received on the next Business Day. If the request is received less than two Business Days prior to the requested date, the Move-In will be scheduled for the Business Day that is two Business Days after the date the request is received. If the requested date is not a Business Day, the Move-In will be scheduled for the first Business Day following the requested date. This service is not available if inspections and permits, or other construction is required.</p> <ul style="list-style-type: none"> <li>i. Self-Contained Meter (existing): Premise with/planned to have activated remote connect capability \$ 10.52</li> <li>ii. Self-Contained Meter (existing): Poly-phase and &gt; 200 Amp \$ 16.00</li> <li>iii. Self-Contained Meter (new) \$ 92.00</li> <li>iv. CT/Other Meter (existing) \$130.00</li> <li>v. CT/Other Meter (new) \$304.00</li> </ul>	
<p>DCS.2</p>	<p><b>Priority Move-In</b>                      Applicable to requests to energize a Retail Customer’s connection to the Delivery System where less than two Business Days notice has been</p>	

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 872

Charge No.	Name and Description	Amount
	<p>provided. Such request shall include the TX SET priority code designation for priority service. Company shall complete Priority Connections on the requested date, provided that the request was received by 5:00 PM CPT of that Business Day. If service is not provided on the Business Day the request is received, the Priority Connection shall be completed by no later than close of business of the next Business Day. Requests received after 5:00 PM CPT or on a day that is not a Business Day, shall be considered received on the next Business Day. This service is only available at an existing Premises with an existing Meter. It is not available if inspections and permits, or other construction is required.</p> <ul style="list-style-type: none"> <li data-bbox="472 743 1166 804">i. Self-Contained Meter (existing): Premise with/planned to have activated remote connect capability</li> <li data-bbox="472 806 1166 867">ii. Self-Contained Meter (existing): Poly-phase and &gt; 200 Amp</li> <li data-bbox="472 869 854 898">iii. CT/Other Meter (existing)</li> </ul>	<p></p> <p>\$ 25.61</p> <p>\$ 42.00</p> <p>\$270.00</p>
<b>Disconnection Charges</b>		
DCS.3	<p><b>Move-Out</b> Company shall discontinue Delivery Service to the Point of Delivery on the requested date provided the Company receives the transaction at least two Business Days prior to the requested date. A transaction received after 5:00 PM CPT on a Business Day, or on a day that is not a Business Day, will be considered received on the next Business Day. If the request is received less than two Business Days prior to the requested date, the Move-Out will be scheduled for the Business Day that is two Business Days after the date the request is received. If the requested date is not a Business Day, the move-out will be scheduled for the first Business Day following the requested date.</p>	Charge applicable to requests to de-energize service on a move-out is included in the move-in charge.
DCS.4	<p><b>Customer Requested Clearance</b> Applicable to requests to de-energize/re-energize Company facilities to allow Retail Customer or Retail Customer's contractor to work near Company or on or near Retail Customer's electrical facilities. Requests for Clearance shall be filled on the requested date provided Company receives the request on a Business Day that is not later than three Business Days prior to the requested date. Notices received after 5:00 PM CPT, or on a day that is not a Business Day, will be considered received on the next Business Day. If the requested date is not a Business Day, or if the Company receives the request with less than three Business Days prior notice, or the clearance cannot be safely performed on the requested date, Company will accommodate the request based on mutual agreement with the requesting party at charges as calculated. All charges include the cost for de-energizing and re-energizing facilities.</p> <ul style="list-style-type: none"> <li data-bbox="375 1801 954 1831">i. With three Business Days notice (residential)</li> <li data-bbox="375 1833 1003 1862">ii. With three Business Days notice (non-residential)</li> <li data-bbox="375 1864 919 1894">iii. With less than three Business Days notice</li> </ul>	<p></p> <p>As Calculated*</p> <p>As Calculated*</p> <p>As Calculated*</p>

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

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Charge No.	Name and Description	Amount
<b>Disconnect / Reconnect for Non-Pay Charges</b>		
DCS.5	<p><b>Disconnect for Non-Pay (DNP)</b>                      Applicable to requests from Competitive Retailer to de-energize service to Retail Customer due to Retail Customer’s failure to pay charges billed by its Competitive Retailer or Company.</p> <p>For premises without a provisioned advanced meter and for premises with a provisioned advanced meter without remote disconnect/connect capabilities, if the DNP is requested by the Competitive Retailer, the request shall be completed within three Business Days of the requested date, provided Company receives the request at least two Business Days before the requested date. Notices received after 5:00 PM CPT, or on a day that is not a Business Day, will be considered received on the next Business Day.</p> <p>For premises with a provisioned advanced meter with remote disconnect/connect capabilities and for which that Company can successfully communicate with that provisioned advanced meter at the time Company attempts to execute the request by using Company’s advanced metering system, if the DNP is requested by the Competitive Retailer, the request shall be completed within 2 hours of receipt of request on the requested date provided Company receives the request no later than 2:00 PM CPT on the requested date and provided that the requested date is a Business Day. Requests received after 2:00 PM CPT on the requested date, or on a day that is not a Business Day, will be completed no later than 8:00 AM CPT on the next Business Day. If Company cannot successfully communicate with the provisioned advanced meter at the time Company attempts to execute the request by using Company’s advanced metering system, the request shall be completed within three Business Days of the requested date.</p> <p>For all premises, Company shall not disconnect a premise before the requested date and shall not disconnect a premise on the Business Day immediately preceding a holiday.</p> <p>If the DNP is performed by Company due to Retail Customer’s non-payment of a charge billed directly by Company to the Retail Customer, or because the Retail Customer has not fulfilled its obligations under a contract entered into between Company and the Retail Customer, these charges shall not be billed to the Competitive Retailer.</p> <p><u>At Meter</u></p> <ul style="list-style-type: none"> <li>i. Standard Disconnect: Premise with/planned to have activated remote connect capability</li> <li>ii. Standard Disconnect: Poly-phase and &gt; 200 Amp</li> <li>iii. Same Day Disconnect</li> </ul>	<p>\$ 6.38</p> <p>\$ 9.00</p> <p>N/A</p>

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

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Charge No.	Name and Description	Amount
	<p><u>At Premium Location (i.e. pole, weatherhead, secondary box)</u></p> <ul style="list-style-type: none"> <li>i. Standard Disconnect</li> <li>ii. Same Day Disconnect</li> </ul>	<p>\$55.00 N/A</p>
DCS.6	<p><b>Reconnect After DNP</b> Applicable to requests to re-energize service to Retail Customer after Retail Customer has been disconnected for non-payment. Company shall complete reconnection no later than 48 hours from the time the request is received. However, if this requirement results in the reconnection being performed on a day that is not a Business Day, an additional charge for non-Business Day connection will also apply.</p> <p><b>Standard Reconnect:</b> For premises without a provisioned advanced meter, for premises with a provisioned advanced meter without remote disconnect/connect capabilities, and for premises with a provisioned advanced meter for which that Company cannot successfully communicate with that provisioned advanced meter at the time Company attempts to execute the request by using Company’s advanced metering system, standard reconnect requests received by Company by 2:00 PM CPT on a Business Day shall be reconnected that day.</p> <p>For premises with a provisioned advanced meter with remote disconnect/connect capabilities and for which Company can successfully communicate with that provisioned advanced meter at the time Company attempts to execute the request by using Company’s advanced metering system, standard reconnect requests received by Company from 8:00 AM CPT to 7:00 PM CPT on a Business Day shall be reconnected within 2 hours of receipt of request.</p> <p>For premises with a provisioned advanced meter with remote disconnect/connect capabilities where the Competitive Retailer provides prepaid service under P.U.C. SUBST. R. 25.498, standard reconnect requests received by the Company from 8:00 AM CPT to 7:00 PM CPT on a Business Day shall be reconnected within 1 hour of receipt of request.</p> <p>For all premises, standard reconnect requests received by Company after 2:00 PM CPT on a Business Day shall be reconnected that day if possible, but no later than the close of Company’s next field operational day. Standard reconnect requests received by Company after 7:00 PM CPT or on a day that is not a Business Day maybe considered received on the next Business Day.</p> <p><b>Same Day Reconnect:</b> Same day reconnect requests received by Company prior to 5:00 PM CPT on a Business Day shall be reconnected no later than the close of Company’s field operational day.</p>	

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Charge No.	Name and Description	Amount
	<p><u>At Meter</u>                      Premise with/planned to have activated remote connect capability</p> <ul style="list-style-type: none"> <li>i. Standard Reconnect</li> <li>ii. Same Day Reconnect</li> <li>iii. Weekend</li> <li>iv. Holiday</li> </ul> <p>Poly-phase and &gt; 200 Amp</p> <ul style="list-style-type: none"> <li>i. Standard Reconnect</li> <li>ii. Same Day Reconnect</li> <li>iii. Weekend</li> <li>iv. Holiday</li> </ul> <p><u>At Premium Location (i.e. pole, weatherhead, secondary box)</u></p> <ul style="list-style-type: none"> <li>i. Standard Reconnect</li> <li>ii. Same Day Reconnect</li> <li>iii. Weekend</li> <li>iv. Holiday</li> </ul> <p>NOTE: In no event shall Company fail to reconnect service within 48 hours after a reconnection request is received.</p>	<p>\$ 6.81                      \$ 21.19                      \$ 21.19                      \$ 91.89                      \$ 10.00                      \$ 35.00                      \$ 35.00                      \$159.00                      \$ 55.00**                      \$171.00**                      \$171.00**                      \$224.00**</p>
<b>Meter Test Charge</b>		
DCS.7	<p>Applicable to Meter tests performed at the request of Competitive Retailer or Retail Customer in accordance with Section 4.7.4, METER TESTING.</p> <p><u>Self-contained Meter – Company owned</u></p> <ul style="list-style-type: none"> <li>i. First test within the previous four years</li> <li>ii. Found outside of the accuracy standards</li> <li>iii. All other</li> </ul> <p><u>CT/Other Meter – Company owned</u></p> <ul style="list-style-type: none"> <li>i. First test within the previous four years</li> <li>ii. Found outside of the accuracy standards</li> <li>iii. All other</li> </ul> <p><u>Competitive Meter</u></p>	<p>\$ 0.00                      \$ 0.00                      \$ 45.00                      \$ 0.00                      \$ 0.00                      \$ 73.00                      \$ 73.00</p>
<b>Out-of-Cycle Meter Read Charges</b>		
DCS.8	<p><b>Re-Reads</b>                      Applicable to requests to re-read Retail Customer’s Meter to verify the accuracy of Company’s Meter Reading. The re-read shall be completed within five Business Days of Company’s receipt of the request.</p> <ul style="list-style-type: none"> <li>i. Meter Reading found to be in error</li> <li>ii. Meter Reading found to be accurate – Non-IDR</li> <li>iii. Meter Reading found to be accurate - IDR</li> </ul>	<p>\$ 0.00                      \$ 3.88                      \$ 6.00</p>

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Charge No.	Name and Description	Amount
DCS.9	<p><b>Out-of-cycle Meter Read for the Purpose of a Self-Selected Switch</b>                      Applicable to requests to read Retail Customer’s Meter on a date other than Company’s regularly scheduled monthly Meter Reading date for the purpose of a switch of a Retail Customer’s account to a new Competitive Retailer on a date certain. Company shall perform the Meter Read on the Competitive Retailer’s requested date, provided the Company receives the request on a Business Day that is not later than two Business Days prior to the requested date. Notices received after 5:00 PM CPT, or on a day that is not a Business Day, will be considered received on the next Business Day. If the requested date is not a Business Day, the out-of-cycle Meter Read will be scheduled for the first Business Day following the requested date. The meter read shall be performed in accordance with Section 4.3.4, CHANGING OF DESIGNATED COMPETITIVE RETAILER.</p> <ul style="list-style-type: none"> <li>i. Non-IDR</li> <li>ii. IDR</li> </ul> <p><b>Meter Read for the Purpose of a Standard Switch</b>                      Applicable to requests to read Retail Customer’s Meter for the purpose of switching Retail Customer’s account to a new Competitive Retailer when the customer has not requested switching on a date certain. Company shall use on-cycle meter readings obtained during the three business days prior to the first available switch date (FASD) received from the Registration Agent or the four business days beginning with the FASD for customers whose meters were scheduled for on-cycle readings during that time, and shall perform a Meter Reading or Estimated Meter Reading within four business days beginning with the FASD for customers whose meters were not scheduled to be read during that time. The Meter Reading shall be performed in accordance with Section 4.3.4, CHANGING OF DESIGNATED COMPETITIVE RETAILER.</p> <p><b>Out-of-Cycle Meter Estimation for the Purpose of a Switch</b> due to denial of Access by Retail Customer</p> <p><b>Out-of-Cycle Estimate for the Purpose of a Mass Transition</b>                      charges for estimation shall be charged to the exiting Competitive Retailer.</p>	<p>\$ 3.66</p> <p>\$ 6.00</p> <p>\$ 0.00</p> <p>\$7.00</p> <p>\$ 0.00</p>
<b>Non-Standard Meter Installation Charges</b>		
DCS.10	<p><b>Off-site Meter Reading (OMR) Equipment Installation</b>                      Applicable to installation, upon request, by Retail Customer or Retail Customer’s Competitive Retailer, of Company’s “Standard Advanced Metering Equipment” designed to transmit information via radio to a hand held Meter Reading device carried by the meter reader. This allows for the provision of a Meter Reading without visual contact with the Meter. Equipment shall be installed within 30 days of receipt of request.</p> <p style="text-align: center;">During Normal Business Hours</p>	<p>\$ 69.00</p>

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Charge No.	Name and Description	Amount
DCS.11	<p><b>Automated Meter Reading (AMR) Equipment Installation</b> Applicable to installation, upon request, by Retail Customer or Retail Customer's Competitive Retailer, of Company's "Standard Advanced Metering Equipment" designed to transmit information via telephone to a central location. This allows for the provision of Meter Reading information on cycle or special reading date without visual contact with the Meter. Equipment shall be installed within 30 days of receipt of request.</p> <p>Single-Phase Self Contained During Normal Business Hours</p> <p>Three-Phase Self Contained During Normal Business Hours</p> <p>Single-Phase Instrumented Rated During Normal Business Hours</p> <p>Three-Phase Instrumented Rated During Normal Business Hours</p>	<p>\$337.00</p> <p>\$337.00</p> <p>\$395.00</p> <p>\$395.00</p>
DCS.12	<p><b>Interval Data Recorder (IDR) Equipment Installation</b> Applicable to installation, upon request, by Retail Customer or Retail Customer's Competitive Retailer, of Company's "Standard Advanced Metering Equipment" designed to access interval load data via telephone or other mode of transmission agreed to by customer to a central location. Equipment shall be installed within 30 days of receipt of request.</p> <p>During Normal Business Hours</p>	<p>\$365.00</p>
<b>Service Call Charge</b>		
DCS.13	<p>Applicable when Company employee is dispatched to the Retail Customer's Premises at the request of the Retail Customer or Competitive Retailer to investigate an outage or other service problem that, upon investigation by Company, is determined not to be a problem with Company's equipment or system.</p> <p>i. During Business Days, 8:00 AM -5:00 PM CPT</p> <p>ii. Business Days non-Business Hours</p> <p>iii. Weekend</p> <p>iv. Holiday</p>	<p>\$ 45.00</p> <p>\$ 45.00</p> <p>\$ 45.00</p> <p>\$ 45.00</p>

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Charge No.	Name and Description	Amount
<b>Outdoor Lighting Charges</b>		
DCS.14	<p><b>Security Lighting Repair</b>                      Applicable to requests, by Retail Customer or Retail Customer's Competitive Retailer, to repair existing Company-owned security lights on Retail Customer's Premises unless such repair is necessary due to normal lamp and glass replacements. If necessary due to normal lamp and glass replacements, repair shall be performed at no charge. Company shall complete repairs within 15 calendar days of the request in accordance with Section 5.4.6, RETAIL CUSTOMER'S DUTY REGARDING COMPANY'S FACILITIES ON RETAIL CUSTOMER'S PREMISES.</p>	As Calculated*
DCS.15	<p><b>Security Light Removal</b>                      Applicable to requests, by Retail Customer or Retail Customer's Competitive Retailer, to remove Company-owned security lights on the Retail Customer's Premises in accordance with Sections 5.7.8, REMOVAL AND RELOCATION OF COMPANY'S FACILITIES AND METERS and 5.7.9, DISMANTLING OF COMPANY'S FACILITIES. This charge shall not apply to removals initiated by the Company.</p> <p>A Retail Customer or a Competitive Retailer on behalf of Retail Customer, shall request removal of outdoor lighting facilities at least 30 days prior to the requested removal date. The removal request shall be completed by Company on requested removal date. If mutually agreed to by Company and the Retail Customer, or the Competitive Retailer on behalf of the Retail Customer, Company may begin the removal of outdoor lighting facilities and complete the removal of outdoor lighting facilities on a date or dates other than the initially requested removal date.</p>	As Calculated*
DCS.16	<p><b>Street Light Removal</b>                      Applicable to requests, by Retail Customer or Retail Customer's Competitive Retailer, to remove existing Company-owned street lights, in accordance with Sections 5.7.8, REMOVAL AND RELOCATION OF COMPANY'S FACILITIES AND METERS and 5.7.9, DISMANTLING OF COMPANY'S FACILITIES.</p> <p>A Retail Customer or a Competitive Retailer on behalf of Retail Customer, shall request removal of outdoor lighting facilities at least 30 days prior to the requested removal date. The removal request shall be completed by Company on requested removal date. If mutually agreed to by Company and the Retail Customer, or the Competitive Retailer on behalf of the Retail Customer, Company may begin the removal of outdoor lighting facilities and complete the removal of outdoor lighting facilities on a date or dates other than the initially requested removal date.</p>	As Calculated*

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Charge No.	Name and Description	Amount
<b>Tampering Charges</b>		
DCS.17	<p><b>Tampering</b> Applicable to unauthorized use of Delivery System pursuant to Section 5.4.7, UNAUTHORIZED USE OF DELIVERY SYSTEM or other Tampering with Company metering facilities or any theft of electric service by any person on the Retail Customer's Premises.</p> <p>Tampering charges can include, but are not limited to, Delivery Charges, cost of replacement and repair of damaged Meter and associated equipment, cost of installation of protective facilities or relocation of the Meter, and all other costs associated with the investigation and correction of the unauthorized use.</p>	As Calculated*
DCS.18	<p><b>Broken Meter Seal</b> Applicable to breakage of the Meter seal.</p>	\$ 31.00
<b>Denial of Access</b>		
DCS.19	<p><b>Inaccessible Meter Charge</b> Applicable when Company personnel is unable to gain access to the meter of a non-residential critical load premises as a result of continued denial of Access as provided in Section 4.7.2.1, DENIAL OF ACCESS BY RETAIL CUSTOMER.</p>	\$ 55.00

\* These charges are applicable to services that will have widely varying costs depending upon the circumstances and requirements of the work to be done.

\*\* These charges are applicable to services provided at locations that are unique and that present special challenges. These challenges vary and as a result, the costs of providing the service may vary widely depending on the required expertise and equipment needed to perform the work.

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**6.1.2.2 CONSTRUCTION SERVICE CHARGES**

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**SECTION 1: INTRODUCTION**

CenterPoint Energy Houston Electric, LLC extends Delivery Service facilities to Retail Customers in accordance with the policy outlined in Chapter 5, Section 5.7, Facilities Extension Policy and described in more detail in this Construction Services policy. The booklet titled, Service Standards, is an integral part of this description of the Company's construction service practices. Terms and conditions contained in Chapters 3, 4 and 5 of the Tariff for Retail Delivery Service are a part of this Construction Services policy. Application of this generalized policy is determined by the Company, which also reserves the right to withdraw or modify this policy when, in the sole opinion of the Company, changing conditions warrant such withdrawal or modification.

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**SECTION 2: EXTENSION OF SERVICE FACILITIES  
TO PERMANENT RETAIL CUSTOMERS****Subsection 2.1- Introduction**

The Company's general policy for extending Delivery Service to permanent Retail Customers is to utilize overhead construction consisting of wood poles and overhead circuits extended to transformer locations acceptable to the Company. A permanent Retail Customer is one whose installed electrical equipment is used in a manner which provides the Company a reasonable return on the capital investment required to serve the Retail Customer for a time period approximately equal to the life of the Company's installed service facilities. The Point of Delivery and construction specifications for all service facilities extensions are determined by the Company. A request by a permanent Retail Customer for Delivery Service facilities which does not meet the Company's general policy for extending Delivery Service facilities as contained herein must be approved by the Company and may require additional contractual agreements.

Retail Customer may obtain all equipment necessary for redundant service to any point of service provided that, in the judgment of the Company, sufficient reserve capacity is available and provided Retail Customer pays the cost of establishing and maintaining such redundant service.

In instances where easements and/or right-of-ways have not been granted to the Company, the Retail Customer bears the cost of obtaining easements and rights-of-way.

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**Subsection 2.2- Overhead Distribution Service**

The Company extends overhead electric delivery service facilities to any permanent Retail Customer, without charge, for a distance not to exceed 1,000 feet for primary service and 2,000 feet for secondary service from the nearest available overhead line of suitable voltage, phase and capacity. Facilities must be extended along public rights-of-way or dedicated easements and are subject to the provisions in Service Standards.

The cost of installation and purchase of FAA “ball markers” on overhead lines or, alternatively the cost of placing the overhead line underground, is at Retail Customer’s expense.

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### **Subsection 2.3- Overhead Distribution Service Extensions**

#### **1000/2000-Foot Line Extension Plan**

The Company extends, without charge, single-phase distribution facilities up to 2,000 feet from existing lines of suitable phase, voltage and capacity to serve a permanent Retail Customer, provided the extension is made along a public road or dedicated easement, or provided the extension does not utilize more than three poles on private property. If the Retail Customer qualifies for three-phase service, as outlined in Service Standards, the Company extends three-phase facilities up to 1,000 feet under similar circumstances.

The Retail Customer is required to clear the ground of all trees, stumps, brush, or debris along the route of the proposed extension to a width specified by the Company. However, where ground clearing is required on third party property, the Company may require that such work be done by the Company at Retail Customer expense. The Company performs the remaining tree trimming within the limits of the free distance. If the cost of the trimming exceeds 25 percent of the free distance line cost, the Retail Customer bears the remainder of the trimming cost. Transformers, meters, and service drops are not included in the line cost. Any costs for the purchase of rights-of-way for service extensions (including compensation paid to landowners granting said rights-of-way) shall be borne by the Retail Customer.

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Cost associated with service extensions in excess of the free distances are at Retail Customer expense, as are costs associated with increasing the capacity of existing lines along the route of extension and costs associated with line construction over or around any natural or man made obstacle.

### **Area Development Plan**

Service facilities may also be extended at Company expense provided the facilities are required for increased reliability, service continuity, or development of the Company's distribution system. In conjunction with the installation of such facilities, the Company may extend service from these facilities to Retail Customers in accordance with the appropriate line extension plan.

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**Subsection 2.4- High Voltage Transmission Service Extension Plan**

A Retail Customer whose load is of such magnitude or of such unusual characteristics that it cannot otherwise be economically served from Company's distribution system, as determined by Company, must receive electric service from the Company's high-voltage transmission system. The Retail Customer is responsible for all extension cost and providing all substation equipment, in accordance with the Company's specifications, both initially and from time to time thereafter, whenever changes in the Company's transmission system (including the transmission system's monitoring and protection devices) require such changes in the substation in order to maintain its compatibility with the Company's transmission system. The Retail Customer will comply with Company's operating standards.

In instances where transmission services are requested that are necessary for new electric generation resources, service will be provided in accordance with applicable Rules and Legal Authority.

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**Subsection 2.5- Underground Service Extensions****Underground Service to Residential Retail Customers**

Single-phase underground electric delivery service is supplied to a residential subdivision, apartment, or condominium provided projects meet Company Service Standards and specification. The service lateral from Company facilities to the dwelling unit is installed, owned, and maintained by the Retail Customer, and each dwelling unit must be individually metered and billed by the Company. The underground system is supplied, from overhead distribution facilities, at locations specified by the Company. Certain dwelling units adjacent to overhead distribution facilities are served, at the Company's option, through standard overhead facilities. This underground residential distribution plan is not applicable to mobile home developments. A contribution toward the cost of construction may be required when projects do not meet Company Service Standards and specifications. Additional contractual arrangements are also required if the developer requests installation of service facilities prior to reasonable utilization.

**Underground Service to Commercial and Industrial Retail Customers**

The Company's standard practice for extending electric service to commercial and industrial Retail Customers is to utilize overhead construction consisting of wood poles and overhead circuits extended to transformer locations acceptable to the Company. Transformers, switches, and protective devices are pole-mounted except when the magnitude of the load requires the installation of this equipment on grade level concrete pads. All Company owned pad mounted equipment must be installed on the Retail Customer's property, and the Retail Customer shall be responsible for granting necessary easements as well as installing, to Company specifications, any concrete encased ducts, pads, and manholes required to accommodate this equipment. The maintenance on this equipment, exclusive of pads of bus connected transformers, will be performed by the Company.

Retail Customer requesting special underground service arrangements must reimburse the Company for the difference in cost between standard construction, as outlined above, and the requested special service arrangements. The Retail Customer must install the concrete encased ducts, manholes, switchrooms, transformer vaults, and pads for transformers, switches, and protective devices in accordance with Company specifications. The Company may elect to install any ducts or manholes required in street rights-of-way at Retail Customer expense.

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Substantial investments in underground service facilities have been made in certain areas of the Company's distribution system, and overhead service extensions into these areas are impractical and will nullify the benefits of past investments. In consideration of these factors, underground service utilizing one or more circuits with manual switching capabilities is provided in such areas at no cost to the Retail Customer. Special service arrangements, such as redundant transformer installations and automatic circuit transfer designs, are provided at the Company's option on the basis of the Retail Customer reimbursing the Company for the additional cost of the special service arrangement. The Retail Customer must install concrete encased ducts, manholes, switchrooms, transformer vaults, and pads for transformers, switches, and protective devices according to Company specifications.

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**SECTION 3: EXTENSION OF SERVICE FACILITIES TO CUSTOMERS THAT DO NOT MEET ALL CRITERIA FOR PERMANENT CLASSIFICATION**

Certain types of Retail Customer facilities do not fully meet the criteria for classification as permanent, but these facilities are not regarded as temporary because a certain degree of permanency exists. For these Retail Customers, Company installs, at its expense, only transformers, meters and service drops. Any other line construction will be done by the Company at Retail Customer expense, including any costs for rights-of-way clearing and tree-trimming. Retail Customer facilities in this classification include, but are not limited to, livestock water wells, sign boards, concrete or asphalt batch plants, railroad crossing signals, drive-up photographic finishing stations, telemetry stations, motor-operated valves, postage stations, amateur athletic facilities constructed on lease property, cable television power supply facilities, irrigation wells, grain dryers, flood control pumps, microwave stations, pipeline rectifier stations, oil well pumping units, down-hole pumps, salt water disposal, and any other facilities of a similar, non-permanent nature.

Certain Retail Customer facilities, such as fire pumps, may require construction by the Company to provide service which may seldom or never be used. When service is extended to a Retail Customer in this classification, the Retail Customer will be charged the total cost of construction, including the cost of transformers, meters, service drops and other materials and labor.

For bus stop shelters owned by Metropolitan Rapid Transit Authorities and located on or adjacent to public rights-of-way designated for the loading and unloading of passengers for mass transit motorbuses, the Company installs, at its expense, only the service transformer. The Company will make the connection from the Retail Customer's service drops to the Company's transformer/point of service. Any other construction, for the sole purpose of extending service to connect to the Retail Customer's service drops, will be done by the Company at Retail Customer expense.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

**SECTION 4: EXTENSIONS OF SERVICE FACILITIES TO TEMPORARY CUSTOMERS****Temporary Service**

Temporary service is provided, at the Company's option, on the basis of the Retail Customer paying the cost of installation and removal of Company facilities.

**Service of Doubtful Permanence**

A Retail Customer is offered a conditional refund agreement if service is requested in advance of construction of a permanent facility to which service would be extended, at Company expense, in accordance with the appropriate line-extension plan. The agreement requires the Retail Customer to pay estimated installation and removal costs of Company equipment and provides for a refund of such payment if the Retail Customer constructs permanent facilities within 24 months from the date electric delivery service facilities are made available. Expenses involved in altering Company facilities to provide permanent service are charged against the refund due the Retail Customer.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

**SECTION 5: EXTENSION OF SERVICE TO SOURCES OF ELECTRIC GENERATION**

CenterPoint Energy Houston Electric, LLC will make high voltage delivery service available to sources of electric generation that comply with Company Service Standards, Company specifications and the Commission approved ERCOT Standard Interconnection Agreement. Retail Customers requesting this service must follow the ERCOT Independent System Operator's (ISO) "Generation Interconnection Procedure", as well as any Rules of an Applicable Legal Authority.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

## **SECTION 6: STREET LIGHTING SERVICE**

### **Subsection 6.1- Incorporated Areas Municipalities**

Street lighting systems are installed, owned, and maintained by the Company only on public streets or roads. Only standard street lighting components specified by the Company are utilized in these installations. Company's street lighting service is built to NESC standards. At the request of Customer and at Company's discretion, Company may build to other standards, with Customer being responsible for any difference in cost.

Within corporate limits, street lighting service is available, under Rate Lighting Services, to the requirements of any city which has granted a franchise to the Company where facilities of adequate capacity and suitable voltage are adjacent to the lamps or street lighting system to be served. Every effort is made by the Company to install street lighting systems in accordance with standards of the Illuminating Engineering Society.

### **Street Lights Mounted On Existing Distribution Poles and Served by Overhead Conductors**

On dedicated streets or roads with overhead distribution lines, street lights are mounted on existing distribution poles and served by overhead conductors. Any construction required, other than the installation of a street lighting fixture and one span of secondary conductor on an existing Company pole, is at Retail Customer expense.

### **Street Lights Mounted on Ornamental Standards and Served by Underground Conductors**

The Company installs street lights mounted on ornamental standards and served by underground conductors on dedicated streets that are paved, have curbs and gutters, and on which no overhead electric distribution lines are located. The Company will allow an amount as specified below toward the cost of construction. A contribution must be paid to the Company for any additional costs associated with the installation.

Lamp Type

High Pressure  
Sodium Vapor

Company Contribution per Lamp

Cost of Company's standard installation,  
but not to exceed \$1,200.00

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

In residential areas, the Company will contribute in a calendar year, the total cost of installation for up to 6% of the number of 9,500 or 6,000 lumen lamps in service the previous year or 50 lamps, whichever is greater. A municipality may request that a portion of the residential street lights, to be provided under this paragraph, be installed, instead, in commercial areas, provided however that the municipality shall pay any additional cost of installing lights in commercial instead of residential areas.

**Relocations and Removals**

Street lighting facilities are not relocated for Retail Customer benefit or convenience unless approval for the new location has been received in writing from the proper municipal authority and provided the relocation does not create operating problems and is not objectionable to other parties. All costs of such relocation work are borne by the Retail Customer.

The Retail Customer may request Company to remove any or all of the facilities installed hereunder by paying to the Company charges in accordance with those specified in Tariff Sheet No. 6.15.

**Annexed Areas**

In areas that have been annexed by a municipality which has granted the Company a franchise but which has not authorized the Company to operate existing street lights in such areas at the expense of the municipality, street lights will be billed in accordance with the Retail Customer's existing service agreement.

**Retail Customer Installed Street Lighting Systems**

Retail Customer may, at his option, elect to install a privately owned street lighting system. Delivery Service will be provided under the Company's standard practices for metered service and will be billed under the applicable secondary service rate schedule.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

**Subsection 6.2- Unincorporated Areas**

Street lighting systems are installed, owned, and maintained by the Company only on public streets or roads. Only standard street lighting components specified by the Company are utilized in these installations. Company's street lighting service is built to NESC standards. At the request of Customer and at Company's discretion, Company may build to other standards, with Customer being responsible for any difference in cost.

Street lighting service is available to public and private organizations, under Rate Lighting Services, in unincorporated areas where facilities of adequate capacity and suitable voltage are adjacent to the lamps or street lighting system to be served. Every effort is made by the Company to install street lighting in accordance with standards of the Illuminating Engineering Society.

**Street Lights Mounted on Existing Distribution Poles and Served by Overhead Conductors**

On dedicated streets or roads with overhead distribution lines, street lights are mounted on existing distribution poles and served by overhead conductors. Any construction required, other than the installation of a street lighting fixture and one span of secondary conductor on an existing Company pole, is at Retail Customer expense.

**Street Lights Mounted on Ornamental Standards and Served by Underground Conductors**

The Company installs street lights mounted on ornamental standards and served by underground conductors on dedicated public streets that are paved, have curbs and gutters, and on which no overhead electric distribution lines are located. The Company will allow an amount as specified below toward the cost of construction. A contribution must be paid to the Company for any additional costs associated with the installation.

<u>Lamp Type</u>	<u>Company Contribution per Lamp</u>
High Pressure Sodium Vapor	Cost of Company's standard installation, but not to exceed \$1,200.00

The Company will contribute the total cost of installation for 10% of 9,500 or 6,000 lumen lights in a specific installation in residential areas.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

**Relocations and Removals**

Street lighting facilities are not relocated for Retail Customer benefit or convenience. Any relocation requested by a Retail Customer can be done if it does not create operating problems and is not objectionable to other parties. All costs of such relocation work are borne by the Retail Customer.

The Retail Customer may request Company to remove any or all of the facilities installed hereunder by paying to the Company charges in accordance with those specified in Tariff Sheet No. 6.15.

**Annexed Areas**

If the area in which the lights are installed becomes incorporated or annexed by a municipality, the Retail Customer will be relieved of making any further monthly payments for street lights within the area annexed or incorporated, provided such municipality has granted to the Company an acceptable franchise for operations within the area and has authorized the Company to operate the lights at the expense of the municipality.

**Retail Customer Installed Street Lighting System**

Retail Customer may, at his option, elect to install a privately owned street lighting system. Delivery Service will be provided under the Company's standard practices for metered service and will be billed under the applicable secondary service rate schedule.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

## **SECTION 7: METERING PRACTICES**

Delivery Service is provided to an individual premises at only one Point of Delivery, with the Retail Customer's service entrance arranged so that the Company can measure the Retail Customer's service with one meter. The following interpretations are applied in situations where separate entities are grouped in a common structure.

The Point of Delivery for an individual Retail Customer is not necessarily located on the Retail Customer's premises.

Individual dwelling units in a condominium project are metered as individual residential premises.

Individual rental units in an apartment project are either metered as individual residential premises or grouped as one premises with one meter and billed on the appropriate non-residential service rate.

Individual retail spaces in a multi-tenant building are metered as separate premises.

Individual office spaces in a multi-tenant building are commonly grouped together as one individual premises for metering purposes; however, well defined tenant office spaces may, at the option of the Retail Customer, be treated as separate premises.

In the interest of nondiscriminatory application of metering and service practices, the Company reserves the right to determine appropriate arrangements for a specific situation.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

**SECTION 8: MISCELLANEOUS SERVICE POLICIES****Miscellaneous Lighting Service**

Miscellaneous Lighting Service is available to all Retail Customers within Company's service area where permission for installation is granted by all affected parties, provided suitable Company owned electrical facilities are available on the pole selected for the installation. Retail Customer or their REP shall provide and own the Company approved lighting fixture for this type of installation.

The Company installs and maintains lighting fixtures under Rate Lighting Services, under section Miscellaneous Lighting Service. Construction work is done at Retail Customer's expense. Lighting fixtures are installed in mutually acceptable locations utilizing Company approved fixtures.

The cost of relocating a light is borne by the Retail Customer. See Lighting Services rate schedule for more details.

**Removal or Relocation of Company Facilities**

If a Retail Customer requests removal or relocation of Company facilities solely for his convenience, such work is done by the Company at Retail Customer expense, provided the removal or relocation does not create operating problems and is not objectionable to other parties. Relocation of Company facilities is also contingent upon availability, without cost to Company, of any additional rights-of-way required and permission for right-of-way clearing and tree trimming, if necessary.

**Construction of Non-Standard Service Facilities**

The Company determines the Point of Delivery of electric service to all Retail Customers as well as the standard routing for Company distribution facilities required to provide service to the Point of Delivery. Retail Customers requesting special construction, for aesthetic considerations, clearance of obstructions, or service to a non-standard Point of Delivery, reimburse the Company for the difference in cost between the standard service arrangement and the requested special construction or routing.

**Overtime Charges at Retail Customer Expense**

Retail Customers requesting that the Company perform work during hours other than normal working hours are required to reimburse the Company for the appropriate overtime charges, unless the requested work can be done by emergency personnel normally on duty.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

**Service to Mobile Homes and Mobile Home Parks**

Electric service facilities are extended to a permanently located residential mobile home in accordance with the appropriate Company line extension plan. For any service facilities to be provided at Company expense, water and sewage facilities must be equal to that of a permanently constructed home.

The Company installs single-phase overhead service facilities within a permanently constructed mobile home park so that single-phase service is available to each mobile home through a separate meter. Retail Customers requesting special routing for aesthetic purposes or special construction, such as underground service arrangements, will be required to reimburse the Company for the added cost of the special work. The Retail Customer is also required to clear the ground, as specified by the Company, along the route of the line extension within the park. The Company performs the remaining tree trimming required for aerial clearances within the park. If the cost of this trimming exceeds 25 percent of the line cost within the park, the Retail Customer bears the remainder of the trimming cost. Transformers, meters, and service drops are not included in the line cost.

The construction required along a public road, street, or dedicated easement, to make service available to the park location, is provided in accordance with the appropriate Company line extension for permanent Retail Customers.

Permanent parks for transient type mobile homes and campers are considered one premises and are billed on the applicable non-residential service rate. Service extensions to these parks are based on the appropriate line extension plan.

**Types of Service**

Single-phase or three-phase 60 hertz (hz) electric service is supplied to a Retail Customer at one of the Company's nominally rated voltages as specified in Company's Service Standards.

The Company determines the Point of Delivery and the service voltage to be supplied to a Retail Customer at no charge in accordance with the appropriate line extension plan and the requirements specified in the Company's Service Standards. The additional costs of special service arrangements approved by the Company are at Retail Customer expense.

CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

CNP 8030

**Rental of Company Equipment**

The Company rents certain distribution equipment to Retail Customers on a short term, emergency basis, provided the items are not immediately available from local suppliers and the Company has a sufficient quantity of such item in stock to meet operating requirements. Terms and conditions of all rental transactions are specified in a written agreement.

The Company will assist the Retail Customer to determine the appropriate service arrangements, when practical. Based on these arrangements, the Company will provide a cost basis for the rental or leasing of equipment required to receive 138,000 volt service.

**Deployment of an Advanced Meter Information Network**

Pursuant to PURA §39.107(i), charges for deploying an advanced meter information network will be charged to the requesting Retail Electric Provider (REP) as specified in the Advanced Meter Information Network (“AMIN”) Agreement to allow customers to better manage energy use and control costs, and to facilitate demand response initiatives. The AMIN Agreement specified in Section 6.3, AGREEMENTS AND FORMS of this Tariff, sets forth the terms of service. Advanced meters and the associated hardware, software, and communications systems, including meter information networks, installed under the AMIN Agreement that are used to provide AMS service to customers shall be reasonable and necessary costs incurred in deploying an Advanced Metering System under Subst. R. 25.130, provided, however, in the calculation of the AMS surcharge, the costs for such AMIN items shall not be the amounts funded under AMIN, but shall be the lesser of the amounts funded under AMIN or the original cost of substantially similar items purchased and deployed under the Subst. R. 25.130 Deployment Plan.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8030

**SECTION 9: COMPETITIVE METERING CONSTRUCTION SERVICES****Competitive Meter Remove/Install Service Fee**

A single trip charge for removing one Billing Meter and installing another Billing Meter (removing or installing a Non-Company Owned Billing Meter and installing or removing a Company Owned Billing Meter on the same trip). This is a per trip charge and applies to Billing Meters which are installed/removed “permanently” or “temporarily”.

	<b><u>Charge</u></b>
Self-Contained Meter	\$ 77.00
Transformer Rated Meter	\$120.00

**Competitive Meter Physical Access Equipment Installation Service Fee**

Competitive Meter Physical Access Equipment Installation Service Fee is made for the installation of an external termination junction box which utilizes the RJ family of connectors to provide physical access to the modem, network, serial and/or digital pulse data interfaces on a competitive meter.

	<b><u>Charge</u></b>
A. No Additional Service Call Required ( <i>performed during initial meter installation</i> )	\$ 39.00
B. Additional Service Call Required ( <i>performed after initial meter installation</i> )	\$ 77.00

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8029

### 6.1.2.3 DISCRETIONARY CHARGES OTHER THAN CONSTRUCTION SERVICE CHARGES

#### 6.1.2.3.1 ADDITIONAL DISCRETIONARY CHARGES

These charges for Discretionary Services are in addition to all other charges specified in the Company's Tariff for Delivery System Charges that may be applicable to the Retail Customer's premises. Unless otherwise provided by special arrangement, the invoice for service under this rate schedule will be as provided for in the Service Rules and Regulations in the Company's Tariff.

<u>Item</u>	<u>Description</u>	<u>Charge</u>
<b>Meter Test Charges:</b>		
DC.1	<p><b>Competitive Meter Communication Diagnostic Service Fee</b> Cost of diagnosing and/or repairing remote communications problems, including verification of communications access when repairs are complete, for Non-Company Owned Billing Meter.</p> <p style="text-align: right;">Self-contained meter Transformer rated meter</p>	<p>\$ 65.00 \$ 65.00</p>
<b>Non-Standard Meter Installation Charges:</b>		
DC.2	<p><b>Advanced Billing Meter Installation Charge</b> Applicable to Rate Schedules Secondary Service Less Than or Equal to 10 kVA, Secondary Service Greater Than 10 kVA and Primary Service for the installation of an advanced meter for billing at Retail Customer's or REP's request.</p> <p>* \$204.00 plus the incremental cost between a standard meter for the specified installation and the advanced meter functionality requested, plus additional charges for services related to advanced capabilities as appropriate.</p>	(see charges in description section*)
DC.3	<p><b>Advanced Non-Billing Meter Installation Charge</b> Applicable to any Retail Customer premises for the installation of an advanced meter for non-billing purposes at Retail Customer's or REP's request.</p> <p>*\$204.00 plus additional charges for services related to advanced capabilities as appropriate; Retail Customer/REP shall provide the advanced meter which must meet the Company's meter standards.</p>	(see charges in description section*)

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8029

DC.4	<p style="text-align: center;"><b>Pulse Metering Equipment Installation</b></p> <p><i>For Billing Meters that do not currently provide pulse outputs (kWh meters and thermal demand meters)</i></p> <p>Install Pulse Meter and fused junction box (customer receives one pulse output-kWh). For more than one output, requests will be processed according to charges under the “Advanced Billing Meter Installation Charge” above.</p> <p><i>For Billing Meters with current pulse capabilities for kWh, kVAR, and time</i></p> <p>Install one relay (one output)</p> <p>Install two relays (two outputs)</p> <p>Install three relays (three outputs)</p>	<p style="text-align: right;">\$ 219.00</p> <p style="text-align: right;">\$ 302.00</p> <p style="text-align: right;">\$ 458.00</p> <p style="text-align: right;">\$596.00</p>
DC.5	<p style="text-align: center;"><b>Pulse Metering Equipment Replacement</b></p> <p>Replace one relay*</p> <p>Replace one Pulse Meter</p> <p>Replace one relay and one Pulse Meter*</p> <p>Replace fuses in fused junction box</p> <p>Pulse Metering Equipment trouble call which is determined to be problem with Customer’s equipment</p> <p style="text-align: center;">*Each additional relay replaced on same trip</p>	<p style="text-align: right;">\$ 226.00</p> <p style="text-align: right;">\$ 179.00</p> <p style="text-align: right;">\$ 341.00</p> <p style="text-align: right;">\$ 52.00</p> <p style="text-align: right;">\$ 52.00</p> <p style="text-align: right;">\$ 160.00</p>
DC.6	<p style="text-align: center;"><b>Competitive Meter Non-Standard Programming Service Fee</b></p> <p>Self-contained meter- field programming</p> <p>Self-contained meter- shop programming</p> <p>Transformer rated meter- field programming</p> <p>Transformer rated meter- shop programming</p>	<p style="text-align: right;">\$ 73.00</p> <p style="text-align: right;">\$ 46.00</p> <p style="text-align: right;">\$ 73.00</p> <p style="text-align: right;">\$ 46.00</p>
<b>Service Call Charge:</b>		
DC.7	<p style="text-align: center;"><b>URD By-Pass Cable Installation Charge</b></p> <p>Applicable to any Residential Retail Customer or Retail Customer’s REP that requests the Company to install a temporary, above-ground by-pass cable in order to continue electric service while Retail Customer-owned URD facilities are being repaired or replaced. (Charge per month.)</p>	<p style="text-align: right;">\$ 230.00 Per Month</p>

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8029

<b>Other Charges:</b>		
DC.8	<p style="text-align: center;"><b>Returned Check Charge</b></p> <p>Applicable to any Retail Customer or REP whose check is returned by a bank or other financial institution as not payable.</p>	\$ 10.50
DC.9	<p style="text-align: center;"><b>Voltage Monitoring</b></p> <p>Applicable to requests by Retail Customer or Retail Customer's Competitive Retailer to install voltage monitoring equipment at Retail Customer's Point of Service for evaluation and reporting of data.</p> <ol style="list-style-type: none"> <li>1. Data determines a problem with Company's equipment or system</li> <li>2. Data determines no problem with Company's equipment or system.</li> </ol>	No Charge \$ 848.00
DC.10	<p style="text-align: center;"><b>Damage to Company Facilities</b></p> <p>Pursuant to Section 5.4.6, RETAIL CUSTOMER'S DUTY REGARDING COMPANY'S FACILITIES ON RETAIL CUSTOMER'S PREMISES, charges for loss of, or damage to, Company Delivery System facilities on Retail Customer's Premises caused by or arising out of Retail Customer's failure to exercise reasonable care not to damage such facilities, including labor, material, equipment, legal services and associated costs including cost burdens, such as, overhead, warehousing, administration, etc.</p>	As Calculated
DC.11	<p style="text-align: center;"><b>Adverse Effects and Improper Power Factor</b></p> <p>Pursuant to Section 5.5.2, INTERMITTENT ELECTRICAL LOADS AND LIMITATIONS ON ADVERSE EFFECTS and Section 5.5.5, POWER FACTOR, charges for labor, material, equipment, legal services and associated costs including cost of burdens, such as, overhead, warehousing, administration, etc. provided by the Company to correct adverse affects due to Retail Customer's equipment or operations, including improper power factor, voltage fluctuations, interference or distorted wave forms.</p>	As Calculated
DC.12	<p style="text-align: center;"><b>Provision of Retail Customer Data</b></p> <p>Pursuant to Section 5.10.2, RETAIL CUSTOMER RESPONSIBILITY AND RIGHTS, charges for compiling, copying, printing, administration and sending customer data other than that required by Applicable Legal Authority to be provided at no charge.</p>	As Calculated
DC.13	<p style="text-align: center;"><b>Customer Required Upgrade to Delivery System</b></p> <p>Pursuant to Section 5.7.6, CUSTOMER REQUESTED FACILITY UPGRADES, charges for the costs of a facility upgrade that is attributable to the Retail Customer adding load in excess of existing Delivery System facility capacity, if Company requires a contribution in aid of construction.</p>	As Calculated



CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

CNP 8032

### **6.1.2.3.2 Public Access to Accessible Utility Information - Rate AUI**

CenterPoint Energy Houston Electric, LLC will make accessible utility information available to the public on a non-discriminatory basis. The information available is described below. Procedures for obtaining this information along with the available format(s) and the charges for receiving this information are detailed on the Order Form beginning on page 2.

1. **Tariff for Retail Delivery Service** - Includes areas served, rate schedules, riders, terms and conditions, agreement forms, service policies and others. (Historical data is for the Tariff effective on 1/1/2002; new Tariff books will be available as individual schedules are added, deleted or modified).
2. **Average Annual Cooling Hours for Houston** - Cooling hour analysis. (Jul-98 and periodically thereafter).
3. **Average Annual Heating Hours for Houston** - Heating hour analysis. (Jul-98 and periodically thereafter).
4. **Interim Reports** - If new accessible utility information is created between updates of this Service Regulation, they will be priced at ten cents per page plus postage.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8032

**ORDER FORM**

Complete this form by checking the box next to the item(s) requested and the boxes next to the version and format selected. Also indicate the number of copies requested of each item and then the total cost for those items as well as the total for the entire purchase request. Fill-in your name, mailing address and phone number in the spaces provided. Mail the order form and your check or money order to the address below. (Please allow 3 to 4 weeks for delivery.)

**CenterPoint Energy Houston Electric, LLC**  
**ATTN: Accessible Utility Information**  
**Regulatory Department**  
**P. O. Box 1700**  
**Houston, Texas 77251-1700**

<u>ITEM</u>	<u>FORMAT</u>	<u>VERSION</u>	<u>COST</u>	<u>NO. COPIES</u>	<u>TOTAL \$</u>
<input type="checkbox"/> 1. Tariff for Retail Delivery Service	Paper	<input type="checkbox"/> 1/1/2002 <input type="checkbox"/> Current	\$42.40 \$42.40	<input type="checkbox"/> _____ <input type="checkbox"/> _____	_____ _____
<input type="checkbox"/> 2. Average Cooling Hours- Houston	Paper	<input type="checkbox"/> Jul-98 <input type="checkbox"/> other _____	\$0.43 \$0.43	<input type="checkbox"/> _____ <input type="checkbox"/> _____	_____ _____
<input type="checkbox"/> 3. Average Heating Hours- Houston	Paper	<input type="checkbox"/> Jul-98 <input type="checkbox"/> other _____	\$0.53 \$0.53	<input type="checkbox"/> _____ <input type="checkbox"/> _____	_____ _____

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8032

<u>ITEM</u>	<u>FORMAT</u>	<u>VERSION</u>	<u>COST</u>	<u>NO. COPIES</u>	<u>TOTAL \$</u>
<input type="checkbox"/> 4. Interim Report	Paper	Interim	10¢ per page + postage	<input type="checkbox"/> _____	_____
				<b>SUBTOTAL</b>	

Sales Tax Amount \_\_\_\_\_  
 (8.25 % of Subtotal)  
 (No sales tax on out-of-state orders.)

**TOTAL** \_\_\_\_\_

**MAKE CHECK OR MONEY ORDER PAYABLE TO:  
 CenterPoint Energy Houston Electric, LLC**

Your Name \_\_\_\_\_

Your Street or PO Box \_\_\_\_\_

Your City, State, Zip \_\_\_\_\_

Your Phone Number: Area Code \_\_\_\_\_ Number \_\_\_\_\_

**NOTE:** *Orders for specific documents may not be placed by telephone; however, if you have questions about completing the form, or wish to request a copy of the order form, please call 713-207-5454.*

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8033

### **6.1.2.3.3 PREMIUM ROLLOVER SERVICE - RATE PRS**

Some Retail Customers operate sensitive equipment or have other needs that require higher levels of reliability of electric power delivery service than is achievable from the standard distribution system. CenterPoint Energy Houston Electric, LLC will accommodate Retail Customers' requests for the provision of back-up or premium electric power delivery services where facilities of adequate capacity, proper phase and suitable voltage can be made available.

The extension of such service will require the installation of additional delivery facilities at Retail Customer expense. These additional facilities might include the construction or upgrade of primary feeder circuits, the installation of automatic rollover switches, breakers, transformers, meters and related equipment on or adjacent to Retail Customer premises, power quality equipment and various other facilities and devices needed for the safe and reliable operation of CenterPoint Energy Houston Electric, LLC's delivery system.

#### **Pre-construction Study**

Given the complexity and magnitude of projects of this nature, any Retail Customer choosing to proceed with detailed design and engineering will be required to make a non-refundable payment to the Company to cover such pre-construction activity (Pre-construction Study). The Retail Customer will be quoted the cost of the Pre-construction Study based on the magnitude of the project and time estimated to be spent on the pre-construction activities.

#### **Customer Contribution**

All installation costs above standard service arrangements related to the provision of such premium delivery service will be solely at Retail Customer expense, requiring non-refundable payment prior to construction (Customer Contribution).

#### **Monthly Fixed Charge**

There will be a Monthly Fixed Charge, in addition to the Monthly Rate charges included in the Company's Rate Schedules, related to the operation and maintenance of dedicated facilities and reservation of distribution capacity on alternate circuits. The Monthly Fixed Charge will be quoted on a case by case basis, based on an engineering estimate of the cost.

#### **Requested Overtime**

CenterPoint Energy Houston Electric, LLC will schedule required construction during normal business hours in coordination with the Retail Customer's needs. If any of the work must be scheduled at the Retail Customer's convenience and it requires overtime, the requesting party must bear the cost of any premium pay incurred (Requested Overtime).

CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

CNP 8034

#### **6.1.2.3.4 ASSET USE SERVICE - RATE AUS**

##### **AVAILABILITY**

Service under this tariff is subject to availability of Company's assets for the use that is requested, a determination (made at Company's sole discretion) that such requested use will not impair service to Company's other Retail Customers, and the terms and conditions set forth herein.

##### **APPLICATION**

Applicable to Retail Customer's use of Company's assets at Retail Customer's request.

##### **SERVICES PROVIDED**

Company is engaged in the business of providing electric power delivery service. Company owns and operates assets necessary to perform this core function. Company's assets can be used for additional functions beyond the core function that Company performs, if such additional use of Company's assets is beneficial to Company's Retail Customers, as determined by the Company.

##### **SERVICE CHARGES**

Charges for services provided shall be as mutually agreed by the Company and Retail Customer. However, charges shall not be less than long term marginal cost incurred by Company in providing such service.

##### **PAYMENT**

As provided for in the contract terms and conditions.

##### **CONTRACT**

The contract duration and other terms and conditions shall be as mutually agreed by the Company and Retail Customer.

##### **NOTICE**

This Rate Schedule is subject to the Company's Tariff and Applicable Legal Authorities.

CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

CNP 8031

#### **6.1.2.4 DISTRIBUTED GENERATION**

##### **6.1.2.4.1 DISTRIBUTED GENERATION SERVICE – RATE DGS**

###### **AVAILABILITY**

Company shall interconnect distributed generation (DG) as described in PUC Substantive Rules §25.211 and §25.212 pursuant to the terms of the standard form distributed generation interconnection agreement, which is Sheet No. 6.26 of this tariff.

###### **APPLICATION**

A person seeking interconnection and parallel operation of distributed generation with Company must complete and submit the Application for Interconnection and Parallel Operation, which is incorporated herein on pages 3-5. Delivery Service is not provided for under this rate schedule but is available through the appropriate Delivery Service tariff.

###### **TERMS AND CONDITIONS OF SERVICE**

The terms and conditions under which interconnection of distributed generation is to be provided are contained in Commission Substantive Rules §25.211 and §25.212 which are incorporated herein by reference, and in the standard form Agreement for Interconnection and Parallel Operation of Distributed Generation, Sheet No. 6.26. The rules are subject to change from time to time as determined by the Commission, and such changes shall be automatically applicable hereto based upon the effective date of any Commission order or rule amendment.

###### **STUDIES AND SERVICES**

Pre-interconnection studies may be required and conducted by Company. Other services may be provided as required by the Distributed Generation Customer and provided pursuant to negotiations and agreement by the customer and Company and may be subject to approval by the Commission.

###### **PRE-INTERCONNECTION STUDY FEE SCHEDULE**

Pre-certified distributed generation units that are up to 500 Kw that export not more than 15% of the total load on a single radial feeder and also contribute not more than 25% of the maximum potential short circuit current on a radial feeder are exempt from any pre-interconnection study fees. For all other DG applications, the study fees in the following table will apply.

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<b>Non-Exporting</b>	<b>0 to 10 kW</b>	<b>10+ to 500 kW</b>	<b>500+ to 2000kW</b>	<b>2000+ to 10,000 kW</b>
1. Pre-certified, not on network	\$0	\$0	\$650	\$845
2. Non pre-certified, not on network	\$312	\$503	\$1,210	\$1,405
3. Pre-certified, on network	\$272	\$640	\$1,680	\$1,875
4. Not pre-certified, on network	\$525	\$1,150	\$2,240	\$2,435

<b>Exporting</b>	<b>0 to 10 kW</b>	<b>10+ to 500 kW</b>	<b>500+ to 2000kW</b>	<b>2000+ to 10,000 kW</b>
1. Pre-certified, not on network	\$75	\$220	\$870	\$1,065
2. Non pre-certified, not on network	\$312	\$769	\$1,430	\$1,625
3. Pre-certified, on network	\$272	\$860	\$1,900	\$2,095
4. Not pre-certified, on network	\$495	\$1,370	\$2,460	\$2,655

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**Prescribed Form Application for Interconnection and Parallel Operation of Distributed Generation with the Utility System**

Customers seeking to interconnect distributed generation with the Company’s system will complete and file with the company the following Application for Parallel Operation:

**APPLICATION FOR INTERCONNECTION AND  
PARALLEL OPERATION OF DISTRIBUTED GENERATION  
WITH THE UTILITY SYSTEM**

Return Completed Application to: CenterPoint Energy Houston Electric, LLC  
Attention: Manuel Gonzalez  
System Protection Engineering  
P.O. Box 1700  
Houston, TX 77251

Customer’s Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Service Point Address: \_\_\_\_\_

Information Prepared and Submitted By: \_\_\_\_\_  
(Name and Address) \_\_\_\_\_

Signature \_\_\_\_\_

The following information shall be supplied by the Customer or Customer’s designated representative. All applicable items must be accurately completed in order that the Customer’s generating facilities may be effectively evaluated by CenterPoint Energy Houston Electric, LLC for interconnection with the utility system.

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**GENERATOR**

Number of Units: \_\_\_\_\_

Manufacturer: \_\_\_\_\_

Type (Synchronous, Induction, or Inverter): \_\_\_\_\_

Fuel Source Type (Solar, Natural Gas, Wind, etc.): \_\_\_\_\_

Kilowatt Rating (95° F at location) \_\_\_\_\_

Kilovolt-Ampere Rating (95° F at location): \_\_\_\_\_

Power Factor: \_\_\_\_\_

Voltage Rating: \_\_\_\_\_

Ampere Rating: \_\_\_\_\_

Number of Phases: \_\_\_\_\_

Frequency: \_\_\_\_\_

Do you plan to export power: \_\_\_\_\_ Yes / \_\_\_\_\_ No

If Yes, maximum amount expected: \_\_\_\_\_

Pre-Certification Label or Type Number: \_\_\_\_\_

Expected Energizing and Start-up Date: \_\_\_\_\_

Normal Operation of Interconnection: (examples: provide power to meet base load, demand management, standby, back-up, other (please describe)) \_\_\_\_\_

One-line diagram attached: \_\_\_\_\_ Yes

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Has the generator Manufacturer supplied its dynamic modeling values to the Host Utility?

\_\_\_\_\_ Yes

[Note: Requires a Yes for complete application. For Pre-Certified Equipment answer is Yes.]

Layout sketch showing lockable, "visible" disconnect device: \_\_\_\_\_ Yes

CenterPoint Energy Houston Electric, LLC

[CUSTOMER NAME]

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

CenterPoint Energy Houston Electric, LLC  
Applicable: Entire Service Area

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## 6.2 COMPANY SPECIFIC TERMS & CONDITIONS

### 6.2.1 DEFINITIONS

**BILLING KWH, MONTHLY KWH, or KWH** – Delivered quantities of Electric Power and Energy determined to have been taken, or, if not taken, payable for by a Retail Customer. These quantities may be established by metering, estimation, Rate Schedule or by other contractual determination. They may be adjusted from metered values for such items as transformer losses, depending upon circumstances and provisions of Rate Schedules. These quantities are the values that will be entered into the billing formulae specified in the Rate Schedule under the section labeled "Monthly Rate."

**DISTRIBUTION VOLTAGE** - Voltages less than transmission voltages.

**FAMILY (or) HOUSEKEEPING UNIT** - Building or shelter fitted with housekeeping facilities intended for occupancy by one family.

**INDIVIDUAL PRIVATE DWELLING** - A home, or shelter intended for or restricted to the use of a particular person, family or household.

**INDIVIDUALLY METERED APARTMENT** - A specific part of a building or shelter fitted with housekeeping facilities that has its electric service metered separately from the remainder of the structure.

**PRIMARY DISTRIBUTION VOLTAGE** - Company's standard voltages of 12,470/7200 volts or 34,500/19,000 volts.

**PRIMARY SERVICE** - Company's standard Primary Service is taken directly from feeder lines of at least 12,470 volts but less than 60,000 volts without further transformation by the Company.

**RESIDENTIAL PURPOSES** – Usage of a Family (or) Housekeeping Unit, Individual Private Dwelling, or Individually Metered Apartment which is equipped with complete living quarters, cooking facilities, and complete bathing and sanitary facilities.

**SECONDARY DISTRIBUTION VOLTAGE** - All of the Company's standard service voltages below 7,200 volts.

**SERVICE CALL OR OUTAGE INVESTIGATION** – The dispatch of a Company representative to a service address for investigation of a complete or partial service outage, irregularity, or interruption.

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**SERVICE STANDARDS** – The Company publication containing standard electrical/construction practices for contractors, electricians, architects and engineers engaged in electrical work for Retail Customers in Company’s Service Territory, intended to supplement the National Electric Code and National Electrical Safety Code.

**SERVICE TERRITORY OR SERVICE AREA** – The geographic area in which the Company is authorized by the PUC to provide delivery services.

**TRANSMISSION VOLTAGE** – Voltages of 60,000 volts or greater. Company's standard transmission voltages are 69,000 volts or higher.

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Applicable: Entire Service Area

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**6.2.2 STANDARD VOLTAGES**

This section describes the standard voltages and types of service offered to Retail Customers under the Company's standard Rate Schedules. All Retail Customer installations shall meet the requirements of the National Electrical Code, National Electrical Safety Code, Local City Ordinances and the Company's Service Standards, and the provisions of the Company's Tariff and Applicable Legal Authorities.

**TYPE OF SERVICE****REQUIREMENTS*****SINGLE-PHASE***

120/208 volt, 3-wire

- Company option
- Underground Street Network
- Spot locations with existing 120/208 volt supply
- Less than 10 kVA
- All equipment must be for use at 208 volts

120/240 volt 3-wire

- Standard Service
- Less than 500 kVA

7,200 or 19,920 volt

2-wire

- Company option
- Overhead Distribution Area
- More than 200 kVA, but less than 500 kVA
- In accordance with Company Specification  
600-007-231-458

***TWO-PHASE***

12,470/7,200 volt

3-wire

- Company option
- Overhead Distribution Area
- More than 200 kVA, but less than 1,000 kVA
- Load must be balanced between phases

34,500/19,920 volt

3-wire

- Company option
- 34.5 kV Overhead Distribution Area
- More than 200 kVA, but less than 1,000 kVA.
- Load must be balanced between phases

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**THREE -PHASE**

- Limited to commercial and industrial customers with demand of at least 50 kVA or one 3-phase motor 3-hp or more.

Not generally available to residential customers.

- For 3-phase, 4-wire, customer must wire for a 3-phase, 4-wire meter.
- For 3-phase, 3-wire service, customer must provide a fourth wire for metering purposes and for a bond. Conductor shall be sized in accordance with the National Electrical Code, but at least #6 copper.

**208Y/120 volt,  
 Network Area  
 4-wire grounded  
 neutral**

- Company option
- More than 10 kVA
- All equipment must be rated for use at 208 volts
- All phase conductors must be the same size
- Single-phase load equally divided
- Available in spot locations with existing 208Y/120 volt service

**208Y/120 Volt,  
 4-wire grounded  
 neutral**

- Standard Service
- Overhead Services
  - more than 75 kVA and less than 500 kVA
  - maximum cable size parallel 1000 MCM Cu.
  - secondary conductors more than 50 feet long require Company review
- Underground Service
  - minimum 500 kVA and maximum of 1000 kVA
  - 3 phase padmounted transformer installation
- All phase conductors must be same size

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- Single phase load equally divided
- All equipment must be rated for use at 208 volts
- 240/120 delta 4-wire grounded neutral**
  - Standard Service
  - Maximum load 250 kVA single-phase or 500 kVA 3-phase (Combined load of 750 kVA)
  - Phase wire permanently identified, power orange.
  - Secondary conductors more than 50 feet long require Company review
- 480 volt, 3-wire**
  - Company option
  - Overhead Distribution Areas
    - More than 75 kVA and maximum 1,500 kVA
  - Underground Distribution Areas
    - More than 1,500 kVA and maximum 3,000 kVA
- 480Y/277 volt, 4-wire grounded neutral**
  - Company option
  - Overhead Distribution Areas
    - More than 75 kVA and maximum 1,500 kVA
  - Underground Distribution Areas
    - More than 1,500 kVA and maximum 3,000 kVA
- 2,400 volt, 3-wire**
  - Company option
  - Overhead Distribution Areas
    - More than 75 kVA and maximum 1,500 kVA
  - Underground Distribution Areas
    - 12 kV area only
    - More than 1,500 kVA and maximum 5,000 kVA
- 4,160Y/2,400 volt**
  - Company option
  - Overhead Distribution Areas
    - More than 150 kVA and maximum 1,500 kVA
  - Underground Distribution Areas
    - More than 1,500 kVA and maximum 5,000 kVA

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- 12,470Y/7,200 volt** · Company option
- 4-wire grounded** · More than 200 kVA
- neutral** · In accordance with Company Specification  
600-007-231-458
  
- 34,500Y/19,920 volt** · Company option
- 4-wire grounded** · 34.5 kV Overhead Distribution Area
- neutral** · More than 200 kVA  
· In accordance with Company Specification  
600-007-231-458

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### **6.2.3 ADDITIONAL COMPANY SPECIFIC TERMS AND CONDITIONS**

1. In the event that Retail Customer's monthly bill is based upon a period of less than or more than a normal billing period length any applicable \$/month and demand based (\$/kVA or \$/kW) charges shall be prorated based on a 30 day billing period. However, a normal billing period typically ranges from 27 to 35 days and is typically the period between two consecutively scheduled meter reading dates. The Company determines the normal billing period and scheduled meter reading dates based on holidays, weekends and other factors which impact the schedule.
2. Where a significant portion of Residential Service, as determined by the Company, is used for non-residential purposes the appropriate non-residential Rate Schedule is applicable to all the Delivery Service supplied. However, if the Customer's wiring is so arranged that the Delivery Service for residential purposes and for non-residential purposes can be metered separately, the Residential Schedule is applicable to the portion used for residential purposes.

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**6.3 AGREEMENTS AND FORMS**

**6.3.1 FACILITIES EXTENSION AGREEMENT**

This Facilities Extension Agreement is entered into by and between \_\_\_\_\_, herein called "Retail Customer" and CenterPoint Energy Houston Electric, LLC, herein called "Company" (hereinafter referred to as Agreement) for the construction, extension, installation, modification, repair, upgrade, conversion, relocation, de-energization or removal of Company's Delivery System, including temporary facilities (hereinafter referred to as facilities extension or extension), as described herein.

This Agreement covers the facilities extension to Retail Customer location at \_\_\_\_\_

The Company agrees to accept payment of \_\_\_\_\_ Dollars to be paid by the Retail Customer, as a Non-Refundable Construction Payment in connection with the Retail Customer request to extend Company facilities to the above described location as follows: \_\_\_\_\_

In consideration of said Non-Refundable Payment, to be paid to Company by Retail Customer prior to commencement of construction, Company agrees to install and operate lines and equipment necessary to distribute electric service to the identified location under the following General Conditions:

- Company shall at all times have title to and complete ownership and control over facilities installed by Company.
- Retail Customer must make satisfactory payment arrangements (if payment is required to extend Company facilities) and sign and return this Agreement before Company can proceed with the requested extension.
- Extension of service facilities is contingent on acquisition of all necessary easements and rights of way

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Nothing herein contained within this Agreement shall be construed as a waiver or relinquishment by Company of any right that it has or may hereafter have to discontinue service for or on account of default in the payment of any bill owing or to become owing thereafter for any other reason or cause stated in Company's Tariff.

This Agreement shall not be binding upon Company unless and until it is signed by an authorized representative of the Company.

CenterPoint Energy Houston Electric, LLC

\_\_\_\_\_  
Retail Customer

By \_\_\_\_\_

By \_\_\_\_\_

\_\_\_\_\_  
(name printed or typed)

\_\_\_\_\_  
(name printed or typed)

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

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### **6.3.2 APPLICATION FOR INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION**

(Please refer to Rate DGS, Sheet No. 6.20.1 for the “Application for Interconnection and Parallel Operation of Distributed Generation with the Utility System” which is contained on pages 3-5 of that rate schedule.)

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### 6.3.3 AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF DISTRIBUTED GENERATION

This Interconnection Agreement (“Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, by CenterPoint Energy Houston Electric, LLC (“Company”), and \_\_\_\_\_ (“Customer”), a \_\_\_\_\_ [specify whether corporation, and if so name state, municipal corporation, cooperative corporation, or other], each hereinafter sometimes referred to individually as “Party” or both referred to collectively as the “Parties”. In consideration of the mutual covenants set forth herein, the Parties agree as follows:

1. **Scope of Agreement** -- This Agreement is applicable to conditions under which the Company and the Customer agree that one or more generating facility or facilities of ten MW or less to be interconnected at less than 60 kV (“Facility or Facilities”) may be interconnected to the Company’s utility system, as described in Exhibit A.

2. **Establishment of Point(s) of Interconnection** -- Company and Customer agree to interconnect their Facility or Facilities at the locations specified in this Agreement, in accordance with Public Utility Commission of Texas Substantive Rules § 25.211 relating to Interconnection of Distributed Generation and § 25.212 relating to Technical requirements for Interconnection and Parallel Operation of On-Site Distributed Generation, (16 Texas Administrative Code §25.211 and §25.212) (the “Rules”) or any successor rule addressing distributed generation and as described in the attached Exhibit A (the “Point(s) of Interconnection”).

3. **Responsibilities of Company and Customer** -- Each Party will, at its own cost and expense, operate, maintain, repair, and inspect, and shall be fully responsible for, Facility or Facilities which it now or hereafter may own unless otherwise specified on Exhibit A. Customer shall conduct operations of its facility(s) in compliance with all aspects of the Rules, and Company shall conduct operations on its utility system in compliance with all aspects of the Rules, or as further described and mutually agreed to in the applicable Facility Schedule. Maintenance of Facilities or interconnection facilities shall be performed in accordance with the applicable manufacturer’s recommended maintenance schedule. The Parties agree to cause their Facilities or systems to be constructed in accordance with specifications equal to or greater than those provided by the National Electrical Safety Code, approved by the American National Standards Institute, in effect at the time of construction.

Each Party covenants and agrees to design, install, maintain, and operate, or cause the design, installation, maintenance, and operation of, its distribution system and related Facilities and Units so as to reasonably minimize the likelihood of a disturbance, originating in the system of one Party, affecting or impairing the system of the other Party, or other systems with which a Party is interconnected

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Company will notify Customer if there is evidence that the Facility operation causes disruption or deterioration of service to other customers served from the same grid or if the Facility operation causes damage to Company's system.

Customer will notify Company of any emergency or hazardous condition or occurrence with the Customer's Unit(s) which could affect safe operation of the system.

#### 4. **Limitation of Liability and Indemnification**

- a. **Notwithstanding any other provision in this Agreement, with respect to Company's provision of Delivery Service to Customer, Company's liability to Customer shall be limited as set forth in Section 5.2 of Company's PUC-approved tariffs and terms and conditions for Delivery Service, which is incorporated herein by reference.**
- b. **Neither Company nor Customer shall be liable to the other for damages for any act that is beyond such party's control, including any event that is a result of an act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, a curtailment, order, or regulation or restriction imposed by governmental, military, or lawfully established civilian authorities, or by the making of necessary repairs upon the property or equipment of either party.**
- c. **Notwithstanding Paragraph 4.b of this Agreement, Company shall assume all liability for and shall indemnify Customer for any claims, losses, costs, and expenses of any kind or character to the extent that they result from Company's negligence in connection with the design, construction, or operation of its facilities as described on Exhibit A; provided, however, that Company shall have no obligation to indemnify Customer for claims brought by claimants who cannot recover directly from Company. Such indemnity shall include, but is not limited to, financial responsibility for: (a) Customer's monetary losses; (b) reasonable costs and expenses of defending an action or claim made by a third person; (c) damages related to the death or injury of a third person; (d) damages to the property of Customer; (e) damages to the property of a third person; (f) damages for the disruption of the business of a third person. In no event shall Company be liable for consequential, special, incidental or punitive damages, including, without limitation, loss of profits, loss of revenue, or loss of production. The Company does not assume liability for any costs for damages arising from the disruption of the business of the Customer or for the Customer's costs and expenses of prosecuting or defending an action or claim against the Company. This paragraph does not create a liability on the part of the Company to the Customer or a third person, but requires indemnification where such liability exists. The limitations of liability provided in this paragraph do not apply in cases of gross negligence or intentional wrongdoing.**

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- d. Notwithstanding Paragraph 4.b of this Agreement, Customer shall assume all liability for and shall indemnify Company for any claims, losses, costs, and expenses of any kind or character to the extent that they result from Customer's negligence in connection with the design, construction or operation of its facilities as described on Exhibit A; provided, however, that Customer shall have no obligation to indemnify Company for claims brought by claimants who cannot recover directly from Customer. Such indemnity shall include, but is not limited to, financial responsibility for: (a) Company's monetary losses; (b) reasonable costs and expenses of defending an action or claim made by a third person; (c) damages related to the death or injury of a third person; (d) damages to the property of Company; (e) damages to the property of a third person; (f) damages for the disruption of the business of a third person. In no event shall Customer be liable for consequential, special, incidental or punitive damages, including, without limitation, loss of profits, loss of revenue, or loss of production. The Customer does not assume liability for any costs for damages arising from the disruption of the business of the Company or for the Company's costs and expenses of prosecuting or defending an action or claim against the Customer. This paragraph does not create a liability on the part of the Customer to the Company or a third person, but requires indemnification where such liability exists. The limitations of liability provided in this paragraph do not apply in cases of gross negligence or intentional wrongdoing.**
- e. Company and Customer shall each be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of delivery. The Company does not assume any duty of inspecting the Customer's lines, wires, switches, or other equipment and will not be responsible therefor. Customer assumes all responsibility for the electric service supplied hereunder and the facilities used in connection therewith at or beyond the point of delivery, the point of delivery being the point where the electric energy first leaves the wire or facilities provided and owned by Company and enters the wire or facilities provided by Customer.**
- f. For the mutual protection of the Customer and the Company, only with Company prior authorization are the connections between the Company's service wires and the Customer's service entrance conductors to be energized.**

**5. Right of Access, Equipment Installation, Removal & Inspection—** Upon reasonable notice, the Company may send a qualified person to the premises of the Customer at or immediately before the time the Facility first produces energy to inspect the interconnection, and observe the Facility's commissioning (including any testing), startup, and operation for a period of up to no more than three days after initial startup of the unit.

Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous

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condition, Company shall have access to Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

6. **Disconnection of Unit** – Customer retains the option to disconnect from Company's utility system. Customer will notify the Company of its intent to disconnect by giving the Company at least thirty days' prior written notice. Such disconnection shall not be a termination of the agreement unless Customer exercises rights under Section 7.

Customer shall disconnect Facility from Company's system upon the effective date of any termination under Section 7.

Subject to Commission Rule, for routine maintenance and repairs on Company's utility system, Company shall provide Customer with seven business days notice of service interruption.

Company shall have the right to suspend service in cases where continuance of service to Customer will endanger persons or property. During the forced outage of the Company's utility system serving customer, Company shall have the right to suspend service to effect immediate repairs on Company's utility system, but the Company shall use its best efforts to provide the Customer with reasonable prior notice.

7. **Effective Term and Termination Rights**-- This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. The agreement may be terminated for the following reasons: (a) Customer may terminate this Agreement at any time, by giving the Company sixty days' written notice; (b) Company may terminate upon failure by the Customer to generate energy from the Facility in parallel with the Company's system within twelve months after completion of the interconnection; (c) either party may terminate by giving the other party at least sixty days' prior written notice that the other Party is in default of any of the material terms and conditions of the Agreement, so long as the notice specifies the basis for termination and there is reasonable opportunity to cure the default; or (d) Company may terminate by giving Customer at least sixty days notice in the event that there is a material change in an applicable rule or statute.

8. **Governing Law and Regulatory Authority** -- This Agreement was executed in the State of Texas and must in all respects be governed by, interpreted, construed, and enforced in accordance with the laws thereof. This Agreement is subject to, and the parties' obligations hereunder include, operating in full compliance with all valid, applicable federal, state, and local laws or ordinances, and all applicable rules, regulations, orders of, and tariffs approved by, duly constituted regulatory authorities having jurisdiction.

9. **Amendment** --This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

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10. **Entirety of Agreement and Prior Agreements Superseded** -- This Agreement, including all attached Exhibits and Facility Schedules, which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Points of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein. This Agreement replaces all prior agreements and undertakings, oral or written, between the Parties with regard to the subject matter hereof, including without limitation \_\_\_\_\_ [specify any prior agreements being superseded], and all such agreements and undertakings are agreed by the Parties to no longer be of any force or effect. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.

11. **Notices** -- Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

(a) If to Company:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(b) If to Customer:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other, notwithstanding Section 10.

12. **Invoicing and Payment** -- Invoicing and payment terms for services associated with this agreement shall be consistent with applicable Substantive Rules of the PUCT.

13. **No Third-Party Beneficiaries** -- This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed

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are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

14. **No Waiver** -- The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties.

15. **Headings** -- The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

16. **Multiple Counterparts** -- This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

CenterPoint Energy Houston Electric, LLC

\_\_\_\_\_  
Customer

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

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**EXHIBIT A**

**LIST OF FACILITY SCHEDULES AND POINTS OF INTERCONNECTION**

Facility Schedule No.

Name of Point of Interconnection

[Insert Facility Schedule number and name for each Point of Interconnection]

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**FACILITY SCHEDULE NO. \_\_\_\_\_.**

[The following information is to be specified for each Point of Interconnection, if applicable.]

1. Name:
  
2. Facility location:
  
3. Delivery voltage:
  
4. Metering (voltage, location, losses adjustment due to metering location, and other):
  
5. Normal Operation of Interconnection:
  
6. One line diagram attached (check one): \_\_\_\_\_ Yes / \_\_\_\_\_ No
  
7. Facilities to be furnished by Company:
  
8. Facilities to be furnished by Customer:
  
9. Cost Responsibility:
  
10. Control area interchange point (check one): \_\_\_\_\_ Yes / \_\_\_\_\_ No
  
11. Supplemental terms and conditions attached (check one): \_\_\_\_\_ Yes / \_\_\_\_\_ No

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CenterPoint Energy Houston Electric, LLC

\_\_\_\_\_  
Customer

By \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

CenterPoint Energy Houston Electric, LLC  
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**6.3.4 OTHER AGREEMENT FORMS**

**6.3.4.1 AGREEMENT FOR SUBTRACTIVE METERING - TRANSMISSION VOLTAGE**

ACCOUNT NO. A \_\_\_\_\_  
SERVICE ADDRESS A: \_\_\_\_\_

ACCOUNT NO. B \_\_\_\_\_  
SERVICE ADDRESS B: \_\_\_\_\_

This agreement is entered into by and between \_\_\_\_\_,  
herein called "Retail Customer A".

and

\_\_\_\_\_, herein called "Retail Customer B", and  
CenterPoint Energy Houston Electric, LLC, herein called "Company", as follows:

1. Retail Customer A will provide all necessary transformers and substation equipment necessary to receive and use electric power delivery service from Company’s transmission voltage lines. This equipment is hereinafter referred to as "Transmission Voltage Substation". Retail Customer B, whose service arrangement requires that they also provide the facilities necessary to receive service from Company's overhead transmission voltage lines, has agreed to take power delivery service from Company. Retail Customer B will own and operate a facility located on or near the property of Retail Customer A. Retail Customer B desires to receive electric power delivery service from Company's overhead transmission voltage lines through Retail Customer A's Transmission Voltage Substation and Retail Customer A is willing to allow Retail Customer B to receive electric power delivery service through the Transmission Voltage Substation.
2. Company agrees to provide electric power delivery service to Retail Customer A in accordance with the Transmission Service Rate as supplemented herein, and in consideration of Company so doing, Retail Customer A agrees that charges made in accordance with the “Monthly Rate” section of its respective Rate Schedule will be increased by \$290.00 per month.
3. Company agrees to provide electric power delivery service to Retail Customer B in accordance with the Transmission Service Rate as supplemented herein, and in consideration of Company so doing, Retail Customer B agrees that charges made in accordance with the “Monthly Rate” section of its respective Rate Schedule will be increased by \$290.00 per month.

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4. In lieu of separate electrical facilities to receive transmission voltage service from Company, (1) Retail Customer B's electrical requirements will be supplied through Retail Customer A's Transmission Voltage Substation and (2) Company will meter said service with no regard for losses on Retail Customer's side of the Point of Delivery. Retail Customer A and Retail Customer B will arrange their electrical wiring in a manner acceptable to Company.
5. For billing purposes, Company will subtract Retail Customer B's kW, kVA and/or kWh usage from the total metered usage (the combined metered usage of Retail Customer B and Retail Customer A) before calculating Retail Customer A's monthly bill with no regard for electrical losses or clock synchronization differences.
6. Both Retail Customer A and Retail Customer B agree that if metered kW, kVA and/or kWh data for either Retail Customer is either not available or faulty during any part of a billing period, Company will estimate such kW, kVA and/or kWh data in order to determine both Retail Customer A's and Retail Customer B's bill.
7. Retail Customer A and Retail Customer B agree to indemnify and hold Company, its officers, agents, affiliates and employees harmless from any claims, causes of action, losses, damages, suits and liability of every kind (including all expenses of litigation, court costs and attorney's fees) for injury to or death of any person, or for damage to any property, or for economic loss, arising out of or in connection with the delivery service arrangements set forth herein, and resulting from any causes whatsoever, except only as a result of the sole negligence of Company. Retail Customer A agrees to allow Retail Customer B to receive electric power delivery service through Retail Customer A's Transmission Voltage Substation as long as this Agreement is in effect and Retail Customer B is taking the transmission service described herein.
8. This Agreement shall become effective on \_\_\_\_\_, 20 \_\_\_\_.
9. This Agreement shall continue in effect until terminated, which termination may be provided for by Retail Customer A, Retail Customer B or Company giving written notice of such termination to the other two parties at least one (1) year in advance of the date of termination.
10. Except as expressly supplemented and amended by paragraphs 1 through 9 above, the provisions of the Transmission Service Rate specified in paragraph 2 and paragraph 3, and the Service Rules and Regulations in the Company's Tariff are

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not otherwise affected hereby.

- 11. This Agreement shall not be binding upon any party unless and until it has been duly executed in writing by all parties.

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\_\_\_\_\_  
Retail Customer A

\_\_\_\_\_  
Vice-President

By \_\_\_\_\_

\_\_\_\_\_  
(Name printed or typed)

Date \_\_\_\_\_

Title \_\_\_\_\_

Submitted by \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
Retail Customer B

By \_\_\_\_\_

\_\_\_\_\_  
(Name printed or typed)

Title \_\_\_\_\_

Date \_\_\_\_\_

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ACCOUNT NO. A \_\_\_\_\_

ACCOUNT NO. B \_\_\_\_\_

SERVICE ADDRESS A: \_\_\_\_\_

SERVICE ADDRESS B: \_\_\_\_\_

**6.3.4.2 AGREEMENT FOR SUBTRACTIVE METERING – DISTRIBUTION VOLTAGE**

This agreement is entered into by and between \_\_\_\_\_,  
herein called "Retail Customer A".

and

\_\_\_\_\_, herein called "Retail Customer B", and  
CenterPoint Energy Houston Electric, LLC, herein called "Company", as follows:

1. Retail Customer A will provide all necessary switch gear and protective equipment necessary to receive and use electric power delivery service from Company’s distribution voltage lines. This equipment is hereinafter referred to as “Distribution Panel”. Retail Customer B, whose service arrangement requires that they also provide the facilities necessary to receive service from Company's distribution voltage lines, has agreed to take electric power delivery service from Company. Retail Customer B will own and operate a facility located on or near the property of Retail Customer A. Retail Customer B desires to receive electric power delivery service from Company's distribution voltage lines through Retail Customer A's Distribution Panel and Retail Customer A is willing to allow Retail Customer B to receive electrical power distribution service through its Distribution Panel.
2. Company agrees to provide electric power delivery service to Retail Customer A in accordance with Rate \_\_\_\_\_ as supplemented herein, and in consideration of Company so doing, Retail Customer A agrees that charges made in accordance with the "Monthly Rate" section of its respective Rate Schedule will be increased by \$290.00 per month.
3. Company agrees to provide electric power delivery service to Retail Customer B in accordance with Rate \_\_\_\_\_ as supplemented herein, and in consideration of Company so doing, Retail Customer B agrees that charges made in accordance with the "Monthly Rate" section of its respective Rate Schedule will be increased by \$290.00 per month.
4. In lieu of separate electrical facilities to receive distribution voltage service from Company, (1) Retail Customer B's electrical requirements will be supplied through

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- Retail Customer A's Distribution Panel and (2) Company will meter said service with no regard for losses on retail Customer's side of the point of delivery. Retail Customer A and Retail Customer B will arrange their electrical wiring in a manner acceptable to Company.
5. For billing purposes, Company will subtract Retail Customer B's kW, kVA and/or kWh usage from the total metered usage (the combined metered usage of Retail Customer B and Retail Customer A) before calculating Retail Customer A's monthly bill with no regard for electrical losses or clock synchronization differences.
  6. Both Retail Customer A and Retail Customer B agree that if metered kW, kVA and/or kWh data for either retail Customer is either not available or faulty during any part of a billing period, Company will estimate such kW, kVA and/or kWh data in order to determine both Retail Customer A's and Retail Customer B's bill.
  7. Retail Customer A and Retail Customer B agree to indemnify and hold Company, its officers, agents, affiliates and employees harmless from any claims, causes of action, losses, damages, suits and liability of every kind (including all expenses of litigation, court costs and attorney's fees) for injury to or death of any person, or for damage to any property, or for economic loss, arising out of or in connection with the delivery service arrangements set forth herein, and resulting from any causes whatsoever, except only as a result of the sole negligence of Company. Retail Customer A agrees to allow Retail Customer B to receive electrical service through Retail Customer A's Distribution Panel as long as this Agreement is in effect and Retail Customer B is taking the distribution service described herein.
  8. This Agreement shall become effective on \_\_\_\_\_, 20 \_\_\_\_.
  9. This Agreement shall continue in effect until terminated, which termination may be provided for by Retail Customer A, Retail Customer B or Company giving written notice of such termination to the other two parties at least one (1) year in advance of the date of termination.
  10. Except as expressly supplemented and amended by paragraphs 1 through 9 above, the provisions of the rate schedules specified in paragraph 2 and paragraph 3, and the Service Rules and Regulations in the Company's Tariff are not otherwise affected hereby.

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- 11. This Agreement shall not be binding upon any party unless and until it has been duly executed in writing by all parties.

CenterPoint Energy Houston Electric, LLC

\_\_\_\_\_  
Retail Customer A

\_\_\_\_\_  
Vice-President

By \_\_\_\_\_

\_\_\_\_\_  
(Name printed or typed)

Date \_\_\_\_\_

Title \_\_\_\_\_

Submitted by \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
Retail Customer B

By \_\_\_\_\_

\_\_\_\_\_  
(Name printed or typed)

Title \_\_\_\_\_

Date \_\_\_\_\_

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### **6.3.4.3 AGREEMENT AND TERMS AND CONDITIONS FOR PULSE METERING EQUIPMENT INSTALLATION**

CenterPoint Energy Houston Electric, LLC (“Company”) and \_\_\_\_\_ [an Electric Power and Energy end-user; the written authorized representative of \_\_\_\_\_, an Electric Power and Energy end-user; or a retail electric provider for \_\_\_\_\_, an Electric Power and Energy end-user] (“Customer”) hereby agree that the provision of Pulse Metering Equipment will be governed by the Company’s Tariff for Retail Delivery Service and this Agreement and Terms and Conditions for Pulse Metering Equipment Installation (“Agreement”).

Upon the request of Customer, Company shall install, maintain, repair, replace, or remove Pulse Metering Equipment located at Company’s Meter used for billing Delivery System Services in accordance with the following terms and conditions:

1. Company shall install Pulse Metering Equipment, including: pulse initiator, as needed; external protective devices, as needed; junction box as needed; and necessary wiring and related materials and supplies up to a point for Customer’s interconnection.
2. Customer shall be responsible for the installation and maintenance of all wiring and equipment on Customer’s side of the point of interconnection with Company’s Pulse Metering Equipment.
3. Customer agrees that Company is not obligated to alter or adjust any meter reading based on the equipment that Customer installs to receive the Electrical Pulses provided for herein and that Company in no way guarantees that Customer’s equipment will operate satisfactorily.
4. Company shall charge and Customer shall pay (i) the installation charge as set forth in Company’s Tariff for Retail Delivery Service, or if there is no such charge, (ii) the difference in costs, if any, between the existing meter (or the standard meter if no meter is currently installed) and the cost of an advanced meter that meets Customer’s requirements, or (iii) the actual cost of the installation requirements, which includes the actual cost of equipment, labor, and overheads necessary to provide pulse access, or (iv) an engineering estimate thereof. Customer shall remit payment to Company for the costs incurred under this paragraph by the due date shown on Company’s invoice.

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5. Only Company or Company's authorized representatives shall install, maintain, repair, replace, or remove Pulse Metering Equipment. Company shall normally complete installation or removal of such equipment within thirty (30) days from the date request is made in accordance with Section 10. Normal installation times may be impacted by equipment availability or other factors beyond the reasonable control of Company. If Company determines that the installation time may exceed thirty (30) days, Company shall provide notice to customer pursuant to section 11 of this agreement. Company shall provide notice to Customer's contact person as set forth in section 11 of this Agreement when Pulse Metering Equipment installation is complete, including pulse multipliers for the meter, so that pulse data can be interpreted.
6. Company shall maintain, repair, or replace Pulse Metering Equipment installed hereunder, if and to the extent that such work is necessary to maintain the pulse access desired by Customer. If applicable, a charge for maintenance shall be optional, with Customer having the option whether to pay a monthly maintenance fee, rather than the cost of repair or replacement should such become necessary to maintain the pulse access desired by Customer. Company shall charge and Customer shall pay (i) the replacement charge, (ii) the actual cost of all required repairs/replacement, or (iii) an engineering estimate thereof. Company shall repair or replace only such Company equipment as requires repair or replacement.
7. If an isolation relay is used, under no circumstances shall Customer modify or interrupt the operation of Company's relay and associated wiring.
8. Company shall have the right to interrupt the pulse circuit in accordance with the provisions of the Company's tariff for Retail Delivery Service.
9. This Agreement may be amended, revised, or otherwise changed only by an appropriate order of an Applicable Legal Authority.
10. All requests for Pulse Metering Equipment shall be in writing and must include the following information:
  - (a). Customer name;
  - (b). Letter of authorization if Customer is other than an Electric Power and Energy end-user;
  - (c). Customer's authorized representative contact name, if applicable;
  - (d). Customer's authorized representative contact phone number, if applicable;
  - (e). ESI ID (if available);
  - (f). Service address (including City and zip code);
  - (g). Pulse data requested e.g. watt-hour, time, var-hour;
  - (h). Billing/Invoice Information, including:

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Responsible Party;  
Billing Address; and

- (i). If Customer is not the owner of the premises upon which Pulse Metering Equipment will be located, Customer shall represent that Company is fully authorized to enter the premises and to perform any reasonable effort necessary to install, maintain, repair, replace, or remove Pulse Metering Equipment.

- 11. All communications necessary in the administration and execution of this Agreement may be effectuated by contacting Company and Customer at the addresses and telephone numbers set forth below:

**FOR COMPANY:**

Contact: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

**FOR CUSTOMER:**

Contact: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Either party may change the preceding designation by providing the other party with no less than thirty (30) days advanced notification of such change.

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- 12. Except as expressly provided by this Agreement, no provisions of this Agreement shall revise, alter, modify, or amend Company’s Tariff for Retail Delivery Service.
- 13. This Agreement shall commence upon the date of execution by both Parties (the “Effective Date”) and shall terminate (a) upon mutual agreement of the Parties, or (b) written notification by Customer to Company that it requests to terminate this Agreement; or (c) upon the effective date of a new agreement between the Parties.
- 14. Termination of this Agreement, for any reason, shall not relieve Company or Customer of any obligation accrued or accruing prior to such termination.
- 15. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

**Company** (insert name)      CenterPoint Energy Houston Electric, LLC.

(legal signature)      \_\_\_\_\_

(date)      \_\_\_\_\_

**Customer** (insert name)      \_\_\_\_\_

(legal signature)      \_\_\_\_\_

(date)      \_\_\_\_\_

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#### 6.3.4.4 AGREEMENT FOR METER OWNERSHIP AND/OR ACCESS FOR NON-COMPANY OWNED METERS

ESI ID: \_\_\_\_\_  
 (If this Agreement applies to multiple ESI IDs, the ESI IDs are listed on an Attachment that identifies the appropriate premise address for each ESI ID.)

\_\_\_\_\_ (“Company”) and \_\_\_\_\_ (“Retail Customer”) hereby agree that this Agreement for Meter Ownership and/or Access for Non-Company Owned Meters (“Agreement”), as well as Company’s Tariff for Retail Delivery Service (“Tariff”) and Applicable Legal Authorities, will govern Retail Customer’s utilization of Non-Company Owned Meter(s), and Retail Customer’s physical access to Non-Company Owned Meter(s) to obtain Meter Data at the ESI ID(s) specified above. All defined terms used herein will have the meanings specified in the Tariff, except as otherwise expressly provided in this Agreement.

This Agreement may be executed by a written authorized representative/agent (“Retail Customer’s Agent”), acting on behalf of the Retail Customer pursuant to an executed Letter of Agency (“LOA”) delivered to Company. Termination of the agency authority of Retail Customer’s Agent will become effective as to this Agreement upon Company’s receipt of written notice of such termination from the Retail Customer. A change in Retail Customer’s Agent will become effective as to this Agreement only upon the Company’s receipt of a new LOA designating a new Retail Customer’s Agent, in which event Retail Customer is also responsible for promptly providing Company with the contact information for the new Retail Customer’s Agent required under Section C of this Agreement. Retail Customer shall ensure that Retail Customer’s Agent complies with this Agreement, the other applicable provisions of the Tariff, and Applicable Legal Authorities.

If Retail Customer is not the owner of the premises where the Non-Company Owned Meter(s) will be installed, Retail Customer represents that Company is fully authorized to enter the premises and perform any reasonable effort necessary to install, maintain, repair, replace, or remove the Non-Company Owned Meter(s).

#### A. UTILIZATION OF NON-COMPANY OWNED METER

1. **Meter Owner.** Retail Customer has selected and authorized \_\_\_\_\_ to be the Meter Owner of the Non-Company Owned Meter(s) at the ESI ID(s) specified above. A change in Meter Owner will become effective only upon a written amendment of this Agreement.
2. **Non-Company Owned Meter.** The Non-Company Owned Meter(s) selected from the ERCOT-approved competitive meter list that will be installed pursuant to this Agreement is/are \_\_\_\_\_ (i.e., meter manufacturer and

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type). Any credit to the Delivery Charges invoiced to the Retail Customer's Competitive Retailer for the utilization of Non-Company Owned Meter(s) shall be as provided in Section 6.1 - Rate Schedules of Company's Tariff.

3. **Metering Services.** Company shall provide Metering Services as defined in PUC Substantive Rule 25.311(b)(5), (as the same may be changed from time to time by the Commission), excluding Meter ownership, to Retail Customer utilizing Non-Company Owned Meter(s). Charges may apply to these Metering Services as provided in Section 6.1 – Rate Schedules of Company's Tariff.
4. **Requests for Metering Services.** Requests for Metering Services, including installation or removal of Non-Company Owned Meter(s), shall be made in accordance with Company's Tariff and Applicable Legal Authorities.
5. **Shipping of Non-Company Owned Meters to Company.** A Non-Company Owned Meter shipped by the Meter Owner to the Company for testing and installation shall be shipped to the Company's designated meter delivery address as provided herein, with shipping costs prepaid by the Meter Owner.
6. **Return of Non-Company Owned Meters to Meter Owner.** A Non-Company Owned Meter being returned to the Meter Owner for any reason (including removal from service) may be picked up by the Meter Owner at a Company designated location within ten business days after Company gives written notice that the Non-Company Owned Meter is being returned. If the Non-Company Owned Meter is not picked up by the Meter Owner within such ten business day period, Company will have the right to return the Non-Company Owned Meter to the Meter Owner using any of the following means: (a) shipping by Company to the Meter Owner, at the address specified herein, shipping to be paid by the Meter Owner, cash on delivery; (b) shipping to the Meter Owner using a shipper, Meter Owner account number and shipping instructions provided by the Meter Owner when the Meter Owner is notified that the Non-Company Owned Meter is being returned; or (c) other arrangements mutually agreed to by Company and Meter Owner. If a Non-Company Owned Meter that has been removed from service is not returned to the Meter Owner using one of the means specified above, Company will safeguard the Non-Company Owned Meter until the earlier of (i) the date the Meter Owner takes possession of it, or (ii) 60 calendar days from the date of removal.

## **B. ACCESS TO NON-COMPANY OWNED METER BY COMPANY TO OBTAIN METER DATA**

1. **Billing and Settlement Meter Reading Capability.** Where remote meter reading is required, the method that Retail Customer will provide for the Company to remotely access the Non-Company Owned Meter(s) to obtain Meter Data necessary for the Company to fulfill its billing, settlement and reliability responsibilities pursuant to Applicable Legal Authorities ("Billing and Settlement Meter Reading Capability") is \_\_\_\_\_ (e.g., cell phone, land line, radio, etc.).

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The Billing and Settlement Meter Reading Capability must be compatible with a method the Company currently uses elsewhere on its system for remote access to Billing Meters providing similar billing, settlement and reliability Meter Data. The Billing and Settlement Meter Reading Capability must comply with Section 5.10.2 – Retail Customer Responsibility and Rights of Company's Tariff. Where remote meter reading is required, Retail Customer shall arrange for and be responsible for the costs, including any ongoing costs, of the remote communications for the Billing and Settlement Meter Reading Capability. Retail Customer shall have the Billing and Settlement Meter Reading Capability in effect beginning \_\_\_\_\_. Retail Customer shall provide Company with 45 calendar days advance written notice of termination of the Billing and Settlement Meter Reading Capability and agrees to work in good faith with Company to restore Company's remote meter reading capability.

2. **Company's Access to Billing and Settlement Meter Reading Capability.** Company will not use Meter Data from a Non-Company Owned Meter for purposes other than fulfilling the Company's billing, settlement, and reliability responsibilities in accordance with Applicable Legal Authorities. Company shall have access to the Non-Company Owned Meter using the Billing and Settlement Meter Reading Capability, (a) on the scheduled meter reading day and the two calendar days on either side of the scheduled meter reading day, for \_\_\_\_\_ consecutive minutes beginning at \_\_\_\_\_ am/pm (circle one) (central prevailing time); and (b) on three additional consecutive calendar days designated by Company in writing for \_\_\_\_\_ consecutive minutes each day beginning at \_\_\_\_\_ am/pm (circle one) (central prevailing time). In addition, Company may access the Non-Company Owned Meter at other times if necessary to fulfill the Company's billing and settlement responsibilities or if access is not available at the designated times. If Company does not have reasonable access through the Billing and Settlement Meter Reading Capability to the Non-Company Owned Meter for a period exceeding 10 calendar days, or for the two calendar days on either side of and on the scheduled meter read date, or in the event that Company's access to billing and settlement data is blocked during the times listed herein, Retail Customer will be in breach of its obligations under this Agreement.
3. **Charges.** Company shall not charge Retail Customer for access to the Meter Data nor shall Retail Customer charge Company for access to the billing, settlement and reliability Meter Data.

### C. CONTACT INFORMATION

All notifications and other contacts necessary in the administration and execution of this Agreement may be effectuated by contacting Company, Retail Customer, Meter Owner, or Retail Customer's Agent at the addresses and telephone numbers set forth below:

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**FOR COMPANY:**

Contact: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

**For Receipt of Non-Company Owned Meter:**

Contact: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**FOR RETAIL CUSTOMER:**

Company Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Premise Address: \_\_\_\_\_

\_\_\_\_\_

Billing Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Retail Customer's Competitive Retailer, contact name and phone number:

\_\_\_\_\_

**FOR METER OWNER:**

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Company Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

**For Return of Non-Company Owned Meter:**

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**FOR RETAIL CUSTOMER'S AGENT:**

Company Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Company will promptly provide to the Retail Customer any changes to the Company's contact information. The Retail Customer will promptly provide to Company any changes to the Retail Customer's, Meter Owner's, Competitive Retailer's or Retail Customer's Agent's contact information.

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**D. OTHER TERMS AND CONDITIONS**

1. The form of this Agreement may be amended, revised, or otherwise changed only by an appropriate order of Applicable Legal Authorities.
2. Except as expressly provided by this Agreement, no provisions of this Agreement shall revise, alter, modify, or amend other provisions of Company's Tariff for Retail Delivery Service.
3. This Agreement shall commence upon the date of execution by both Parties (the "Effective Date").
4. This Agreement shall terminate on the earlier of: (a) the date that none of the ESI IDs specified on the first page of this Agreement are associated with the Retail Customer; or (b) the date that all of the Non-Company Owned Meters provided for under this Agreement have been permanently removed, whether removed at the Retail Customer's request or pursuant to Applicable Legal Authorities; or (c) termination by the Retail Customer upon 45 calendar days advance written notice to the Company; or (d) termination by the Company upon Retail Customer's breach of any obligation under this Agreement that has remained uncured after Retail Customer and Retail Customer's Agent, if designated, have been given written notice of the breach and 30 calendar days to cure. Upon termination of the Agreement, Company shall have the right to remove the Non-Company Owned Meter(s) covered by this Agreement; provided that removal of Non-Company Owned Meters shall comply with Section 5.10.5 of the Tariff. Termination of the Agreement may result in applicable charges under Section 6.1 – Rate Schedules of Company's Tariff. Termination of this Agreement, for any reason, shall not relieve the Parties of any obligation accrued or accruing prior to such termination.
5. Retail Customer is responsible for providing accurate information to Company as requested herein, as well as accurate information necessary to facilitate Company's access through the Billing and Settlement Meter Reading Capability to billing, settlement and reliability Meter Data (e.g., telephone numbers). Retail Customer is responsible for promptly informing Company of any changes to that information. Failure to maintain the accuracy of the information required under this Agreement will constitute a breach of this Agreement.
6. This Agreement is binding upon Company and Retail Customer and their successors and assigns, provided that Retail Customer may assign this Agreement only to another Retail Customer taking service at the specified ESI IDs, and only upon giving written notice to Company and providing all pertinent changes to information requested herein.

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7. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

**Company** (insert name) \_\_\_\_\_

(legal signature) \_\_\_\_\_

(date) \_\_\_\_\_

**Retail Customer** (insert name) \_\_\_\_\_

(legal signature) \_\_\_\_\_

(date) \_\_\_\_\_

ACKNOWLEDGED this \_\_\_ day of \_\_\_\_\_, by:

**Meter Owner** (insert name) \_\_\_\_\_

(legal signature) \_\_\_\_\_

(date) \_\_\_\_\_

ACKNOWLEDGED this \_\_\_ day of \_\_\_\_\_, by:

**Retail Customer's Agent** (insert name) \_\_\_\_\_

(legal signature) \_\_\_\_\_

(date) \_\_\_\_\_

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**6.3.4.5 COMPETITIVE METERING LETTER OF AGENCY**

Electric Service Identifier (ESI ID Number):\* \_\_\_\_\_

Premise Address (include city, state, zip):\* \_\_\_\_\_

Retail Customer: \_\_\_\_\_

Retail Customer's Billing Address:  
(include city, state, zip) \_\_\_\_\_

Retail Customer's Email: \_\_\_\_\_

Retail Customer's Telephone Number: \_\_\_\_\_

Retail Customer's Fax Number: \_\_\_\_\_

Retail Electric Provider or (REP): \_\_\_\_\_

Transmission and Distribution Utility (TDU): \_\_\_\_\_

Retail Customer's Agent: \_\_\_\_\_

Retail Customer's Agent's Address:  
(include city, state, zip) \_\_\_\_\_

Retail Customer's Agent's Email: \_\_\_\_\_

Retail Customer's Agent's Telephone Number: \_\_\_\_\_

Retail Customer's Agent's Fax Number: \_\_\_\_\_

**\* If this Letter of Agency applies to multiple ESI IDs, the ESI IDs are listed on an Attachment that identifies the appropriate premise address for each ESI ID.**

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The Retail Customer designates the Retail Customer’s Agent for purposes of performing Retail Customer’s duties provided for in the “Agreement for Meter Ownership and/or Access” (the “Agreement”), as well as giving and receiving information in accordance with the Competitive Metering Guides of the Electric Reliability Council of Texas (“ERCOT”).

In addition to the duties included in the Agreement, Retail Customer appoints Agent to:

- (1) Communicate with and authorize TDU to maintain, repair, and replace the Non-Company Owned Meter(s), as may be reasonable and necessary;
- (2) Submit to and obtain from the TDU information requests, service requests, and data access; and,
- (3) Authorize TDU to enter the Premise at reasonable times and to perform all reasonable and necessary work to install the Non-Company Owned Meter(s) at the Premise and to maintain, repair, replace, and remove the Non-Company Owned Meter(s).

Retail Customer acknowledges that Retail Customer is obligated to pay all amounts due to the TDU pursuant to its tariffs approved by the Public Utility Commission of Texas. Failure of Agent to perform Retail Customer’s duties does not relieve Retail Customer of any obligation under the Agreement or tariffs.

By signing this Letter of Agency, Retail Customer represents that if Retail Customer is not the owner of the premises upon which the Non-Company Owned Meter and any associated equipment will be located, that Company is fully authorized by the owner of the premises to enter the premises and to perform any reasonable work necessary to install, maintain, repair, replace, or remove such Meter and associated equipment.

Representation: By signing this Letter of Agency, Retail Customer represents that Retail Customer is at least 18 years old and has the legal capacity to execute this document.

Termination: This Letter of Agency can be terminated at any time, provided however that with regard to the Agreement, termination shall be effective only upon TDU’s receipt of written notice of such termination from Retail Customer. Retail Customer represents by its signature hereunder that Retail Customer is aware of its affirmative duty to promptly inform the TDU of any changes to this Letter of Agency, including its termination.

\_\_\_\_\_  
Retail Customer

\_\_\_\_\_  
Date

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#### 6.3.4.6 ADVANCED METER INFORMATION NETWORK AGREEMENT

This PURA 39.107(i) Advanced Meter Information Network Agreement (“AMIN Agreement”), effective as of \_\_\_\_\_, 20\_\_, is entered into between \_\_\_\_\_ (“REP”) and CenterPoint Energy Houston Electric, LLC (“CNP”). REP and CNP are hereinafter referred to individually as a “Party” or collectively as the “Parties.”

WHEREAS, CNP filed in Docket No. 35639 an application for approval of a deployment plan and cost recovery surcharge for advanced metering pursuant to Tex. Util. Code Ann. §39.107(h) and Pub. Util. Commission of Texas Subst. R. §25.130 (“AMS Plan”) on May 5, 2008;<sup>1</sup> and

WHEREAS, the parties recognize that there is some uncertainty with respect to CNP’s ability to obtain the necessary approvals to proceed with such deployment, and there is also uncertainty with respect to the timing of such deployment; and

WHEREAS, in the interim, CNP has agreed to offer an AMIN Plan (“AMIN Plan”), using ITRON OpenWay meters (“Meters”) and associated communications infrastructure (“Communications Infrastructure”) to interested Retail Electric Providers; and

WHEREAS, such AMIN Agreement would be offered throughout the CNP service area; and

WHEREAS, the Public Utility Commission of Texas has approved the AMIN Agreement subject to the terms of a Settlement Agreement filed with the Commission on July 24, 2008 in Docket No. 35620; and

WHEREAS, CNP would only offer such AMIN Plan subject to the additional terms and conditions set forth below.

NOW, THEREFORE, REP and CNP agree as follows:

1. Conditions Precedent. The AMIN Plan is subject to the following conditions precedent:

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<sup>1</sup> At this time, CNP has filed for approval of its AMS Plan in Docket No. 35639. “AMS Plan” as used in this Agreement refers to the plan filed in Docket No. 35639 and/or any other docket in which CNP’s AMS costs are reviewed by the Commission for recovery through a surcharge or base rates.

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- a. Software, services and equipment would only be provided where, and to the extent that contracts necessary and incident to effectuating the AMIN Plan, or portions thereof, have been executed, including, without limitation, agreements with ITRON, IBM, installation contractors, and hardware and software vendors; and
  - b. CNP has received all necessary internal and external approvals, including, without limitation, any tariff approvals by the PUCT that CNP, in its sole discretion, deems necessary.
2. AMIN Plan General Scope. The AMIN Plan will provide a means to deploy advanced metering information networks for participating Retail Electric Providers that have signed an AMIN Agreement (“Participants”) in advance of the AMS Plan, consistent with the goals of PURA 39.107(i). It will allow for the deployment of Meters and Communications Infrastructure, as well as back office Scalability, Reliability, and Functionality in CNP’s service area.
3. Communications Infrastructure. CNP shall design and build Communications Infrastructure subject to the following conditions, and as set forth below:
  - a. Communications Infrastructure Build-out Request. REP may request build-out of Communications Infrastructure (consisting of cell relays, and associated communications equipment and services) to serve a geographic area designated by REP. The area may be any discrete geographic area that can be described in objective terms, or can be located on a map (e.g. a single site, a street, a neighborhood, a zip code, an area bounded by geographic features). To account for design and material acquisition lead times, the request to provide communications coverage to an area or location should be received by CNP ninety (90) days prior to the anticipated need for such coverage in the requested area if a sufficient Communications Infrastructure Project Inventory exists from which to satisfy the request. Otherwise, CNP will propose a schedule which takes into account the lead time associated with the procurement of communications hardware.
  - b. Communications Infrastructure Build-out Design. Once REP has provided the designated area to CNP, CNP shall perform a detailed network design to ensure coverage and data capacity requirements are met within the selected area. CNP shall then provide REP with a written cost estimate, invoice, design, and a proposed schedule for the build-out within thirty (30) days.

- c. Communications Infrastructure Build-out Funding. If REP accepts CNP's proposed design, cost estimate, and schedule, REP shall provide written approval, together with funding, in advance, of all estimated costs associated with such work. Delays in approval and funding will delay at least day-for-day the schedule provided. CNP shall commence work only upon receipt of approval and funding. Upon completion of work, if the actual costs incurred by CNP are less than the advance funding, CNP shall refund the difference to REP within thirty (30) days of closure of the work order. In the event that CNP becomes aware that the actual costs are expected to exceed the advance funding, CNP shall notify REP as soon as practical. CNP shall invoice REP for the incremental costs and REP shall remit such amount to CNP within fourteen (14) days of the date of the invoice. In the event that REP elects not to proceed with build-out, REP shall nevertheless be obligated to reimburse CNP for the costs associated with development of CNP's proposal, including the costs of performing the detailed network design. CNP shall invoice REP for such costs and REP shall remit such amount to CNP within fourteen (14) days of the date of the invoice.
- d. Communications Infrastructure Project Inventory. To reduce material acquisition lead time, REP, in its sole discretion, may elect to fund a dedicated communications hardware inventory ("Communications Infrastructure Project Inventory"). To initiate a Communications Infrastructure Project Inventory, REP shall submit a request to CNP, together with funding. CNP shall procure and warehouse the REP-dedicated Communications Infrastructure Project Inventory. The Communications Infrastructure Project Inventory shall be maintained at a level determined by REP. CNP may draw from the Communications Infrastructure Project Inventory to fulfill REP's requests to build out Communications Infrastructure. REP, in its sole discretion, may direct CNP to replenish Communications Infrastructure Project Inventory levels, based upon REP's projected future needs, by submitting additional request(s) to CNP, together with the required funding. CNP and REP agree to work together to minimize excess inventory.
- e. Communications Infrastructure Spares Inventory. To establish an adequate inventory of communications hardware to operate and maintain the communication system ("Communications Infrastructure Spares Inventory"), one (1) additional cell relay will be procured at REP's expense for every ten (10) cell relays acquired to satisfy a Communications Infrastructure build out request. CNP will continuously monitor the Communications Infrastructure Spares Inventory level, as well as the rate at which spares are withdrawn. At any time that CNP, in its reasonable judgment, determines that a sufficient

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Communications Infrastructure Spares Inventory exists, CNP will either suspend the acquisition of spares, or it will reduce the rate at which spares are acquired. Given that the communications network will be shared, the spare cell relays acquired under this provision will be pooled to satisfy total system requirements. If necessary, funding to replenish the Communications Infrastructure Spares Inventory will be requested based upon a pro-rata share of the number of installed Meters attributed to each Participant at the time of the request. CNP will invoice REP for the cell relays when ordered for the Communication Infrastructure Spares Inventory and REP shall pay CNP within fourteen (14) days of receipt of invoice.

- f. Communications Infrastructure Build-out. CNP shall use commercially reasonable efforts to establish communications in the requested area within ninety (90) days of receiving the request pursuant to Section 3(a); however, circumstances such as materials availability, vendor delays, weather, size of geographic area, number of communication devices to be installed, and the number of prior requests received but not yet completed, may affect the actual time required for completion. CNP makes no representations, warranties or guarantees that the proposed schedule will be met. CNP's obligations to provide steady and reliable service as a regulated utility are paramount, and, in the event of any conflict, shall take precedence over CNP's obligations hereunder. Likewise, in the event that a CNP system emergency, CNP's activation of its Emergency Operations Plan, or CNP's (or its third party contractors') response to an emergency outside of CNP's system results in a conflict, such events shall take precedence over CNP's obligations hereunder.
- g. Communications Infrastructure Prioritization. Wherever possible, taking into account the desire to make efficient use of resources, Communications Infrastructure will be built out in the order in which CNP received approval and funding of requests. In the event that Communications Infrastructure requests exceed CNP's capacity to perform build-out services, requests shall be curtailed on a pro-rata basis (based on the number of requests submitted). Curtailed requests will be added to the backlog of requests, and will take priority over new requests subsequently received; provided, however, that AMS Plan build-out requests shall always take priority over AMIN Plan build-out requests.
- h. Use of Communications Infrastructure. CNP will maintain an updated map indicating geographic areas of all completed Communications Infrastructure and approximate coverage area. REP may request installation of Meters in areas served by completed Communications Infrastructure. Use of Communications Infrastructure shall be subject to the obligation of REP to pay ongoing operations

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and maintenance costs, such as administrative management, monitoring and system management, hardware and software (firmware) maintenance, field and operations labor, and incidentals based on a per Meter share, as further described in Section 12 and further subject to an assessment pursuant to Section 29 of a per Meter-month share of build-out amounts funded by another Participant.

- i. Title to and Risk of Loss to Communications Infrastructure. Except as otherwise provided in the Agreement, title to Communications Infrastructure shall remain in CNP at all times. REP shall be responsible for risk of loss, unless caused by CNP's gross negligence or willful misconduct, to Communications Infrastructure from the time that installation is completed until the time that REP receives reimbursement pursuant to Section 26. In the event that the term of the Agreement expires or the Agreement terminates prior to the time that REP receives reimbursement hereunder, risk of loss shall transfer to CNP; provided, however, that REP shall have no right to seek or obtain reimbursement for any tampered, vandalized or damaged Communications Infrastructure, unless REP funds the repair and/or replacement of the tampered, vandalized or damaged Communications Infrastructure.
  - j. No Obligation to Remove or Relocate Communications Infrastructure. Except as otherwise provided in this Agreement, CNP shall have no obligation to remove or relocate any Communications Infrastructure. CNP, in its sole discretion, may elect to periodically optimize the Communications Infrastructure. In the event that such optimization results in removal of a REP-funded cell relay, such cell relay will be placed in REP's Communications Infrastructure Project Inventory.
4. Meters. CNP shall procure and install Meters, subject to the following conditions, and as set forth below:
- a. Meter Forecast. Each quarter, REP agrees to submit a forecast of anticipated Meter requests for the following six (6) months by month.
  - b. Meter Deployment Request. REP may request deployment of a Meter in any location served by completed Communications Infrastructure, provided that REP is the Retail Electric Provider of Record for the ESI ID location for which the Meter is requested, and provided further that the ESI ID is associated with a residential customer account. If a location is not yet served by completed Communications Infrastructure, REP must also submit a Communications Infrastructure build-out request in accordance with Section 3. The right to request

deployment of Meters hereunder cannot be assigned, sold, given away or otherwise transferred to another Retail Electric Provider.

- c. Optimization of Meter Requests. CNP shall use commercially reasonable efforts to optimize Meter installation requests, taking into consideration, among other factors, efficiency, resource allocation, proximity, accessibility, and specified installation dates and times. CNP will track installation statistics, and such statistics will be published on CNP's website.
- d. Prioritization of Meter Deployment. Subject to the optimization process described above, and assuming sufficient Meter Project Inventory exists, Meter requests will be handled on a "first in, first out" basis. In the event that Meter installation requests exceed CNP's capacity to install Meters in any given week, current week requests shall be curtailed on a pro-rata basis (based upon the number of requests submitted during such week). Backlogged requests will take priority over that week's curtailed requests. Curtailed requests will be added to the backlog of requests, and will take priority over new requests subsequently received. AMS Plan meter deployment requests shall always take priority over AMIN Plan Meter deployment requests.
- e. Funding of Meters and Scalability in Advance. CNP shall install a Meter at REP's request, subject to REP's obligation to fund, in advance, the estimated cost, which will include the cost of an OpenWay Centron Meter Form 2S, CL200, 240 Volt, with integrated disconnect switch and Smart Energy profile published by the ZigBee Alliance, taxes, shipping charges, make-ready charges, warehousing charges, reasonable and necessary overhead charges, installation charges, administrative charges, customer service support (including appointment scheduling and complaint resolution), crew transportation, equipment and materials, and Meter security bands (where necessary) for each Meter requested and further subject to REP's obligation to fund, in advance, sufficient Scalability to support REP's aggregate number of Meters in accordance with the provisions set forth in Section 7. Additional charges may apply for meter types other than Form 2S and for any special adapters required for Meter installation; provided, however, that such meter types, if any, must be for residential use. Periodically, if CNP determines the actual costs incurred are less than the advance funding, CNP shall refund the difference to REP. If the actual costs incurred by CNP exceed the advance funding, CNP shall invoice REP for the difference, and REP shall remit such amount to CNP within fourteen (14) days of the date of the invoice.

- f. Meter Operations and Maintenance Costs. At REP's expense, CNP shall provide maintenance support for deployed Meters consistent with its standard metering operations. A field order fee will be charged to REP for CNP supporting meter operation requests. A random sample of Meters installed under AMIN will be read manually for each of the first two billing cycles after they are deployed in order to verify the accuracy of electronically obtained meter readings. A representative sample of AMIN Meters will be sample tested annually in accordance with Underwriters Laboratory guidelines. Costs associated with such sampling will be part of CNP's ongoing operations and maintenance expenses and will be included in base rates. In addition, REP will be charged for investigative and corrective actions taken to repair Meters damaged through tampering or vandalism.
- g. Meter Price Discounts. In the event that CNP is able to obtain a volume discount or other price betterment by ordering Meters in larger quantities, CNP shall present such opportunity to REP for its consideration. If REP approves such arrangement, CNP shall purchase such Meters and REP shall be obligated to provide funding for any such Meters at the time of its request. Storage and other costs associated with this arrangement shall be calculated separately, but shall also be funded at the time of the request. To the extent that the Meters are expected to be stored for longer than three (3) months, the storage and other costs shall be billed quarterly in advance.
- h. Meter Project Inventory. To reduce material acquisition lead time, REP, in its sole discretion, may elect to fund a dedicated Meter project inventory ("Meter Project Inventory"). To initiate a Meter Project Inventory, REP shall submit a request to CNP, together with funding. CNP will procure and warehouse the REP-dedicated Meter Project Inventory. The Meter Project Inventory will be maintained at a level determined by REP. CNP will draw from the Meter Project Inventory to fulfill REP's requests to deploy Meters. REP, in its sole discretion, shall direct CNP to replenish Meter Project Inventory levels based upon REP's projected future needs, by submitting additional request(s) to CNP, together with the required funding. CNP and REP agree to work together to minimize excess inventory.
- i. Meter Spares Inventory. To establish an adequate inventory of Meters for immediate replacement of tampered, vandalized or damaged Meters ("Meter Spares Inventory"), one (1) additional Meter will be procured for every one hundred (100) Meters acquired to satisfy a Meter deployment request. CNP will continuously monitor the Meter Spares Inventory level, as well as the rate at

which spares are withdrawn. At any time that CNP, in its reasonable judgment, determines that a sufficient Meter Spares Inventory exists, CNP will either suspend the acquisition of spares, or it will reduce the rate at which spares are acquired. In the event that CNP later determines, in its reasonable judgment, that additional Meters are required in the Meter Spares Inventory, it will resume the acquisition of spares, or it will increase the rate at which spares are acquired. CNP will invoice REP for the Meters when acquired for the Meter Spares Inventory and REP shall pay CNP within fourteen (14) days of receipt of invoice.

- j. Title to and Risk of Loss to Meters. Except as otherwise provided in the Agreement, title to Meters shall remain in CNP at all times. REP shall be responsible for risk of loss, unless caused by CNP's gross negligence or willful misconduct, to Meters from the time that installation is completed until the time that REP receives reimbursement pursuant to Section 25. In the event that the term of the Agreement expires or the Agreement terminates prior to the time that REP receives reimbursement hereunder, risk of loss shall transfer to CNP; provided, however, that REP shall have no right to seek or obtain reimbursement for any tampered, vandalized or damaged Meters, unless REP funds the repair and/or replacement of the tampered, vandalized or damaged Meters.
  - k. No Obligation to Remove or Relocate Meters. Once installed, CNP will have no obligation to remove or relocate Meters. Additionally, REP cannot request the removal or relocation of a Meter once it is installed. In the event that a customer with a Meter funded by REP switches to another Retail Electric Provider, such Retail Electric Provider is not required to reimburse REP for the Meter. In such event, the new Retail Electric Provider may utilize then existing AMIN functionality, provided that such Retail Electric Provider has signed an AMIN Agreement, thereby becoming a Participant.
  - l. REP Obligations Concerning Customer Charges. REP agrees not to charge its customers for Meters installed under this Agreement unless and until the Commission approves for CNP an AMS Plan surcharge or allows CNP to recover AMS Plan costs in its base rates.
5. Meter Quantity Limit and Allocation Process.
- a. The total number of Meters eligible to be deployed under the AMIN Plan (hereafter "Meter Cap") is one hundred twenty five thousand (125,000). The first 2,000 Meters total funded by Reliant Energy in Baytown, Pearland, and/or in Brazoria County are in addition to the Meter Cap and any allocations herein.

- b. Prior to April 1, 2009, REP is limited to ordering and funding its respective ESI ID Ratio Share of the 125,000 Meters. REP's ESI ID Ratio Share for this allocation is REP's share of residential ESI IDs in CNP's territory as of March 31, 2008.
  - c. On April 1, 2009 REP may place orders for any amount of the remaining Meter Cap that has not been ordered and funded as of that date.
  - d. Allocation of the remaining Meters to Participants placing orders will be based on a Participant's ESI ID share of the total ESI IDs in CNP's territory for all Participants who place orders up to the Participant's order amount. The ESI ID count will be the count that existed on December 31, 2008.
  - e. If any Meters remain after the allocation in (d), they will be iteratively allocated to Participants with unfilled order requests based on the Participant's ESI ID share of the total ESI IDs in CNP's territory for all Participants with unfilled orders up to each Participant's order amount until all Meter orders are filled or the 125,000 Meter Cap is reached.
  - f. If Meters remain to be ordered after April 1, 2009, the process delineated in (c) through (e) will be followed on the first business day of each of the remaining months until all 125,000 Meters are ordered and funded or until August 1, 2009, whichever occurs first.
  - g. Except to replace an already deployed Meter, no Meters shall be ordered under AMIN after August 1, 2009.
6. Back Office System Reliability. CNP intends to design, procure, install, implement and/or integrate certain elements of systems architecture in order to increase system reliability as set forth in Appendix A. CNP makes no representations or warranties that it will actually design, procure, install, implement and/or integrate any of the Appendix A elements of system architecture. As a result, should REP desire any additional, different or accelerated system architecture at any time ("Reliability"), REP may request the same, subject to the following conditions, and as set forth below:
- a. Back Office System Reliability Request for Proposal. REP may initiate procurement, design, implementation and/or integration of certain Reliability by submitting a written request to CNP.

- b. Reliability Proposal. Once REP has provided a sufficiently detailed description of the desired Reliability to CNP, CNP shall develop a proposal, and shall provide REP with a written scope of work, cost estimate, invoice, design and a proposed schedule therefor.
  - c. Funding for Reliability Implementation. If REP accepts CNP's proposed scope of work, cost estimate, design and schedule, REP shall provide written approval, together with funding, in advance, of all estimated costs associated with such work. CNP shall commence work only upon receipt of approval and funding. Upon completion of work, if the actual costs incurred by CNP are less than the advance funding, CNP shall refund the difference to REP within thirty (30) days of closure of the work order. In the event that CNP becomes aware that the actual costs are expected to exceed the advance funding, CNP shall notify REP as soon as practical. CNP shall invoice REP for the incremental costs and REP shall remit such amount to CNP within fourteen (14) days of the date of the invoice.
  - d. Use of Reliability. All Participants will benefit from the Reliability. REP may use Reliability subject to its obligation to pay a per Meter share of ongoing operations and maintenance costs, as further described in Section 12, and further subject to an assessment pursuant to Section 29 of a per Meter-month share of the implementation costs funded by another Participant.
  - e. Title to Reliability Components. Except as otherwise provided in the Agreement, title to hardware and software components used to implement the requested Reliability shall remain in CNP at all times.
  - f. Scheduled Completion Date. CNP shall use commercially reasonable efforts to complete installation, implementation and/or integration by the scheduled completion date; however, CNP makes no representation, warranties or guarantees that the proposed schedule will be met. CNP's obligations to provide steady and reliable service as a regulated utility are paramount, and, in the event of any conflict, shall take precedence over CNP's obligations hereunder. Likewise, in the event that a CNP system emergency, CNP's activation of its Emergency Operations Plan, or CNP's (or its third-party contractors') response to an emergency outside of CNP's system results in a conflict, such events shall take precedence over CNP's obligations hereunder.
7. Back Office System Scalability. CNP's Limited Deployment Pilot includes computer hardware capable of supporting only the ten thousand (10,000) Limited Deployment

Pilot meters and functionality. CNP does not intend to fund the acquisition of any additional elements of system architecture in support of the AMIN Plan (“Scalability”).

- a. Funding for Back Office System Scalability Implementation. REP is obligated to fund Scalability, in advance, based on a pro-rata share of forecasted Meters, which may be adjusted from time to time. CNP shall implement Scalability sufficient to serve all installed Meters. In addition, if, at any time, CNP determines that the Scalability is not sufficient to support the Meters forecasted to be installed under the AMIN Plan for the next six (6) months, CNP will determine the shortfall amount and will notify REP of its share of such shortfall based on a pro-rata share of the combination of Meters installed and the number of Meters forecasted at the time of request. Within thirty (30) days, REP will pay to CNP such amount, unless REP notifies CNP within five (5) calendar days that it chooses not to fund its pro-rata share, in which case REP will be prohibited from requesting deployment of any additional Meters. In such case, CNP shall recalculate the resulting pro-rata shares for the remaining Participants and, if appropriate, shall provide notice and thirty (30) days for REP to fund such recalculated amount. If REP does not provide timely notice that it does not intend to fund its pro-rata share, it will remain responsible for funding its pro-rata share.
  - b. Use of Scalability. REP may use Scalability subject to its obligation to pay ongoing operations and maintenance costs based on a per Meter share, as further described in Section 12.
  - c. Title to Scalability Components. Except as otherwise provided in the Agreement, title to hardware and software components used to implement the requested Scalability shall remain in CNP at all times.
8. Back Office System Functionality. CNP intends to design, procure, install, implement and/or integrate the back office functionality set forth in Appendix B. CNP makes no representations or warranties that it will actually design, procure, install, implement and/or integrate such functionality during 2008, or at any other time. As a result, should REP desire any additional, different or accelerated functionality (“Functionality”) at any time, REP may request the same, subject to the following conditions, and as set forth below:
- a. Back Office System Functionality Request for Proposal. REP may initiate procurement, design, implementation and/or integration of certain Functionality by submitting a written request to CNP.

- b. Back Office System Functionality Proposal. Once REP has provided a sufficiently detailed description of the desired Functionality to CNP, CNP shall develop a proposal, and shall provide REP with a written scope of work, cost estimate, invoice, design and a proposed schedule therefor.
  - c. Funding for Back Office System Functionality Implementation. If REP accepts CNP's proposed scope of work, cost estimate, design and schedule, REP shall provide written approval, together with funding, in advance, of all estimated costs associated with such work. CNP shall commence work only upon receipt of approval and funding. Upon completion of work, if the actual costs incurred by CNP are less than the advance funding, CNP shall refund the difference to REP within 30 days of closure of the work order. In the event that CNP becomes aware that the actual costs are expected to exceed the advance funding, CNP shall notify REP as soon as practical. CNP shall invoice REP for the incremental costs and REP shall remit such amount to CNP within fourteen (14) days of the date of the invoice.
  - d. Use of Back Office System Functionality. CNP will maintain an updated description of all available Functionality. REP may use available Functionality; subject to the obligation to pay a per Meter share of ongoing operations and maintenance charges, as further described in Section 12, and further subject to an assessment pursuant to Section 29 of a per Meter-month share of the implementation costs funded by another Participant.
  - e. Title to Functionality. Title to Functionality shall remain in CNP at all times.
9. Compensation for Time Value of Money. All capital amounts funded under Sections 3, 4, 6, 7 and 8 will include an additional amount to compensate CNP for the time value of money related to the income tax effects of such funding received by CNP. The discount rate to be used is CNP's after-tax weighted average cost of capital of 7.1%.
  10. Market Transparency. The following information will be provided in electronic format (via a website or by other similar electronic means) with access restricted to Participants under this Agreement. Signatories to the Settlement Agreement in AMIN Docket No. 35620 (hereafter "Settlement Signatories") will also be provided access. Neither Participants nor Settlement Signatories shall disclose information provided pursuant to this Section to any party other than those with access rights under this AMIN Agreement.

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- a. CNP shall provide notice to all Participants at the time that Communications Infrastructure, Functionality, Reliability, Scalability and/or Unique Capability are initially requested by any Participant. Such notice shall consist of a copy of the request (redacted, if necessary to comply with the requirements of Section 10(g)).
  - b. CNP shall provide notice to all Participants when orders for Communications Infrastructure, Functionality, Reliability, Scalability and/or Unique Capability are placed and again when they are installed.
  - c. Except where CNP is providing a copy of the actual request, notices shall include the number of and proposed locations of Communications Infrastructure (together with approximate coverage area, as required by Section 3(h)), and a description of functionality, as required by Section 8(d), features, and scale of any Functionality, Reliability and/or Unique Capabilities (including all features of the order).
  - d. Except in those months in which a quarter period ends, CNP will provide to all Participants, within thirty (30) days of the end of each month, statements that include: (1) the cumulative total number of Meters installed under AMIN; and (2) the cumulative amount of funding provided by Participants in each of the following categories: Communications Infrastructure, Reliability and Functionality. In those months in which a quarter period ends, this information will be provided within forty-five (45) days of the end of the month.
  - e. CNP will provide notice to Participants of any reimbursement shortfall relating to reimbursement requests for Communications Infrastructure, Reliability and/or Functionality, including the amount and category of the reimbursement shortfall, within thirty (30) days after the shortfall is determined.
  - f. CNP shall not provide any Participant names with the notices required for Market Transparency.
  - g. No list of ESI IDs with AMIN Meters will be published, except that REP, upon written request to CNP, will be able to obtain a list of ESI IDs with AMIN Meters for which REP provided funding, as well as a list of ESI IDs with AMIN Meters for which REP is the Retail Electric Provider of Record.
11. Unique Back Office System Reliability, Scalability and Functionality. CNP shall design, procure, install, implement and/or integrate certain unique reliability, scalability and functionality (“Unique Capability”) subject to the following conditions, and as set forth below:

- a. Unique Capability Request for Proposal. REP may initiate design, procurement, installation, implementation and/or integration of certain Unique Capability by submitting a written request to CNP.
  - b. Unique Capability Proposal. Once REP has provided to CNP a sufficiently detailed description of the desired Unique Capability, CNP shall develop a proposal, and shall provide REP with a written scope of work, cost estimate, invoice, design and a proposed schedule therefor.
  - c. Funding for Unique Capability Implementation. If REP accepts CNP's proposed scope of work, cost estimate, design and schedule, REP shall provide written approval, together with funding, in advance, of all estimated costs associated with such work. CNP shall commence work only upon receipt of approval and funding. Upon completion of work, if the actual costs incurred by CNP are less than the advance funding, CNP shall refund the difference to REP within thirty (30) days of closure of the work order. If the actual costs to be incurred by CNP exceed the advance funding, CNP shall notify REP prior to incurring the incremental costs and invoice REP for the difference, and REP shall remit such amount to CNP within fourteen (14) days of the date of the invoice.
  - d. Use of Unique Capability. CNP will limit use of Unique Capability implemented for REP to REP if such Unique Capability can be segregated within CNP's production environment without any additional cost, or, in the alternative, if REP funds any additional costs associated with segregating such Unique Capability (including, without limitation, partitions, additional servers or storage, additional administrative costs, additional operations and maintenance costs). Notwithstanding the foregoing, Unique Capability ordered and funded by REP will be available to any other Participant upon its request and funding.
  - e. Title to Unique Capability. Except as otherwise provided in the Agreement, title to Unique Capability shall remain in CNP at all times.
12. Obligations with Respect to Ongoing Operations and Maintenance Costs. Ongoing Operations and Maintenance Costs (O&M Costs) for Communications Infrastructure, Reliability, Scalability, and Functionality shall be borne by REP based on REP's share of the number of installed Meters in the AMIN Plan on the last day of the month prior to when the billing statement is prepared. O&M Costs include, but are not limited to, labor, materials, services, transportation, shipping, administration costs, and reasonable and necessary overhead charges. CNP will bill REP for the estimated O&M Costs for

the upcoming quarter thirty (30) days in advance. CNP will also true-up the O&M Costs from the previous completed quarter to reconcile estimated costs to actual costs. In addition, the per-Meter cost per Participant will be reconciled at that time. REP will remit the payment to CNP within fourteen (14) days of receipt of the request from CNP. Expiration of the term of this Agreement shall not affect the existence of or the timing of any payment or true-up obligations under this provision.

13. Title to Intellectual Property. CNP shall own all right, title and interest in and to the software, and any other intellectual property developed by CNP or third parties working on behalf of CNP in connection with the AMIN Plan.
14. Ownership of Independent Intellectual Property. As between the parties, and notwithstanding any other terms of this Agreement, ownership of and title to REP independent intellectual property shall remain in REP and shall not be affected by this Agreement, and this Agreement shall not limit or restrict REP's rights in REP independent intellectual property. As between the parties, and notwithstanding any other terms of this Agreement, ownership of and title to CNP independent intellectual property shall remain in CNP and shall not be affected by this Agreement, and this Agreement shall not limit or restrict CNP's rights in CNP independent intellectual property.
15. General Developments. It is recognized that both CNP and REP may, in performing Work under this Agreement, develop general ideas, concepts, know-how, or techniques ("General Developments"), e.g., programming techniques that are not specific to the electric utility industry or the AMIN Plan. To the extent such General Developments are provided by one Party to the other, or are developed jointly by both Parties during the Program, either Party shall be free to use them in any way, except that the developing Party may require, or the Parties may agree with respect to joint developments, that any General Developments be maintained as Confidential Information pursuant to Section 23.
16. Term. Unless earlier terminated in accordance with the provisions set forth below, or unless extended by mutual agreement of the Parties, this Agreement shall continue in full force and effect through the earlier of August 1, 2010 or the date when all Meters and related equipment ordered on or before August 1, 2009, have been rolled into AMS.
17. Termination. In addition to each Party's right to terminate this Agreement for cause, either Party may terminate this Agreement, at any time, in whole or in part, for any reason. Any such termination shall be effected by providing written notice to the other

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Party specifying the extent to which the Agreement is terminated, and the date upon which such termination becomes effective, which shall be no sooner than ninety (90) days after such notice is received. Termination shall not affect the existence of or the timing of any funding, payment, or reimbursement obligations whether they occur prior to or after the effective date of termination. A transition period of up to twelve (12) months from the date of the notice will be allowed, subject to REP's payment of CNP's actual costs and further subject to CNP's advance payment requirements. At REP's request, additional Meters may be installed during the first ninety (90) days of the transition period.

18. CNP's Additional Termination Rights. In addition to the foregoing right to terminate for convenience, CNP shall have the following additional termination rights:
- a. the right to terminate the Agreement, at any time, in whole or in part, in its sole and absolute discretion, effective immediately upon written notice to REP, if CNP is unable to obtain regulatory approval (in a form satisfactory to CNP in its sole and absolute discretion) for any provisions of this Agreement (assuming that CNP files a request for approval of this agreement at the PUCT), or if CNP is unable to obtain cost recovery (satisfactory to CNP in its sole and absolute discretion) in connection with its filing of a deployment plan and surcharge request, or in connection with any future reconciliation or rate proceeding; and
  - b. the right to terminate the Agreement, at any time, in whole or in part, in its sole and absolute discretion, effective immediately upon written notice to REP, at the direction of CNP's Board of Directors.

In the event that termination pursuant to subsection (a) or (b) above results in a termination in whole, REP will immediately begin taking such actions as may be necessary to terminate REP's operations hereunder. This wind-down period shall not exceed ninety (90) days from the date CNP provides notice of termination. CNP will provide no services under this Agreement after the ninety (90) days.

19. Warranty Disclaimer. EXCEPT AS OTHERWISE SET FORTH IN CNP'S RETAIL DELIVERY TARIFF, OTHER THAN AS EXPRESSLY STATED IN THIS AGREEMENT, CNP MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, REGARDING THE WORK PROVIDED UNDER THIS AGREEMENT. CNP SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

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20. Limitations of Liability. CNP'S LIABILITY SHALL BE LIMITED IN ACCORDANCE WITH THE PROVISIONS OF ITS TARIFF FOR RETAIL DELIVERY SERVICE. IN NO EVENT SHALL CNP, ITS PARENT CORPORATION, SUBSIDIARIES, OFFICERS, DIRECTORS, EMPLOYEES, OR ANY COMBINATION OF THEM, BE LIABLE (IN CONTRACT OR IN TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY) TO REP FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES. CNP'S TOTAL LIABILITY TO REP FOR ACTUAL DIRECT DAMAGES ARISING OUT OF OR IN CONNECTION WITH ITS PERFORMANCE UNDER THIS AGREEMENT, WHETHER IN CONTRACT OR IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), SHALL NOT EXCEED THE AGGREGATE OF ALL PAYMENTS MADE BY REP UNDER THIS AGREEMENT. UNDER NO CIRCUMSTANCES WILL CNP BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES IF CNP'S AMS DEPLOYMENT PLAN IS NOT IMPLEMENTED, OR IF COSTS INCURRED BY REP UNDER THIS AGREEMENT CANNOT BE RECOVERED UNDER CNP'S APPROVED AMS DEPLOYMENT PLAN.
21. Force Majeure. Performance of this Agreement by each Party shall be pursued with due diligence in all requirements thereof; however, neither Party shall be liable for any loss or damage for delay or for non-performance, where and to the extent such loss or damage for delay or non-performance is due to causes not reasonably within its control, including but not limited to, acts of civil or military authority, acts of regulatory and quasi-regulatory bodies (including the Electric Reliability Council of Texas and the PUCT), acts of God, war, riot or insurrection, blockades, embargoes, sabotage, epidemics, fires, or floods. In the event of any delay resulting from such causes, the time for performance of each of the Parties hereto (including the payment of monies) shall be extended for a period of time reasonably necessary to overcome the effect of such delays, but no further modification to other terms and conditions of this Agreement shall occur as a result. In the event of any delay or nonperformance caused by the above causes, the Party affected shall provide prompt written notice to the other Party of the nature, cause, date of commencement and the anticipated extent of such delay, and shall indicate whether it is anticipated that any completion dates will be affected thereby.
22. Indemnity. REP AGREES TO PROTECT, DEFEND, INDEMNIFY AND HOLD CNP, ITS CORPORATE AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, FREE AND HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS OR OTHER LITIGATION (INCLUDING ALL COSTS THEREOF AND

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ATTORNEY'S FEES) OF EVERY KIND AND CHARACTER ARISING IN FAVOR OF REP OR ANY THIRD PARTY (INCLUDING, BUT NOT LIMITED TO, REP'S CUSTOMERS) ON ACCOUNT OF BODILY INJURY, DEATH, DAMAGE TO OR LOSS OF PROPERTY, OR ECONOMIC LOSS OF ANY TYPE) IN ANY WAY OCCURRING, INCIDENT TO, ARISING OUT OF OR IN CONNECTION WITH THE WORK PERFORMED HEREUNDER OR OCCURRING, INCIDENT TO, ARISING OUT OF OR IN CONNECTION WITH THE AMIN PLAN, ALL REGARDLESS OF WHETHER SUCH INJURY, DEATH OR DAMAGE IS CAUSED BY THE JOINT, CONCURRENT, CONTRIBUTING OR COMPARATIVE NEGLIGENCE OR FAULT, BUT NOT THE SOLE OR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CNP, ITS CORPORATE AFFILIATES, OR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS. THE FOREGOING INDEMNITY IS NOT INTENDED TO AND DOES NOT MODIFY ANY RIGHTS OR OBLIGATIONS OF THE PARTIES PROVIDED IN CNP'S TARIFF FOR RETAIL DELIVERY SERVICE.

23. Confidentiality. Either Party may find it beneficial to disclose to the other Party confidential and proprietary information in written, oral, or other tangible or intangible forms, which may include pricing data, analyses, studies, reports, procedures, policies, business plans, business strategies, goals, objectives, processes, business models, marketing plans and strategies, ideas, proposals, drawings and specifications and other technical, financial or business information which is at any time provided by, or on behalf of, either Party to the other ("Confidential Information"). The Parties expressly agree that this Agreement will not be considered Confidential Information. For information to be treated as Confidential Information, it shall be designated by marking, labeling or otherwise identifying it, in writing with the word "confidential." Confidential Information shall be kept in confidence and shall not be disclosed to any third party without the prior written approval of the Party making the disclosure of Confidential Information ("Discloser"), except as otherwise provided herein. Confidential Information shall be used only in connection with the purpose for which it was provided. In maintaining the confidentiality of Confidential Information, the Party receiving the Confidential Information ("Recipient") shall employ procedures at least as restrictive as procedures used with respect to Recipient's own confidential and proprietary information. Confidential Information shall not be disclosed by the Recipient except to current employees, officers, directors, consultants, counsel, affiliates, representatives or agents who have a reasonable need to know such Confidential Information, subject to Recipient's obligation to inform such individuals of the confidential nature of the Information and to require any such individuals, who are not current employees of Recipient, to agree in writing to the terms and conditions of this Confidentiality provision, and to use such Confidential Information solely for

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the purposes intended in this Agreement. Recipient shall provide Discloser a list of individuals subject to this confidentiality provision who are not employees. Confidential Information shall not be reproduced, except for the sole purpose for which it was provided. Upon the verbal or written request of Discloser, Recipient agrees to return or destroy Confidential Information and all copies thereof. This Agreement imposes no obligation with respect to information that: (a) was rightfully in the possession of the Recipient before receipt from the Discloser; (b) is or becomes a matter of public knowledge through no fault of Recipient; (c) is rightfully received from a third party without a duty of confidentiality; or (d) Recipient is requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand or other similar process) to disclose (in which case, Recipient shall provide Discloser with prompt written notice of any such request or requirement so that Discloser may, if it so elects, seek a protective order or other appropriate remedy).

Notwithstanding the foregoing, the Parties recognize that CNP is a regulated electric utility, and, as such, may be called upon to disclose information relative to its business to the PUCT and to other regulatory, administrative, judicial, reliability or governmental authority with jurisdiction over CNP, and to parties to proceedings before such bodies to which CNP is also a party. In recognition thereof, CNP may be required to release information in its possession (including, without limitation, information deemed confidential pursuant to the terms of any confidentiality and non-disclosure agreement between the Parties) to any such regulatory, administrative, judicial, reliability council or governmental authority. If so required, CNP shall use all reasonable efforts to prevent confidential information from being disclosed to parties in the proceedings and/or the general public, including, but not limited to, seeking protection of such confidential information under a protective order and limiting the disclosure of same to relevant portions of documents or information. Subject to the foregoing, CNP shall provide REP with prompt written notice of its intent to make any such disclosure of confidential information so that REP may, if it so elects, seek a protective order or other appropriate remedy.

24. General Principles Related to Reimbursement. CNP shall reimburse REP for certain costs, as expressly provided below, subject to the following conditions:
- a. In the event that there is a PUCT approved AMS Plan surcharge in effect, or the reasonable and necessary costs that support an AMS plan have been included in base rates, or a combination thereof, REP shall be reimbursed at the time the costs would have been expended under the approved AMS Plan, and to the extent that the elements making up the AMIN Plan, such as, but not limited to, equipment

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and labor, are included in the AMS Plan. Such reimbursement shall include the time value of money, computed using CNP's after-tax weighted average cost of capital (7.1%), related to the timing of recognition of the income tax depreciation benefit to CNP from the acceleration of capital spending under the AMIN Plan. REP shall be reimbursed in an amount equal to the amounts approved in determination of the surcharge in effect at the time of reimbursement and/or the reasonable and necessary costs that support an AMS plan that have been included in base rates (not to exceed the amounts actually funded by REP). In no event shall the amounts reimbursed exceed the amounts approved in the determination of the surcharge and/or included in base rates at the time of reimbursement.

- b. In the event of a disallowance at reconciliation, a prudence disallowance in a rate case, or similar finding by the PUCT, such disallowances or findings shall only affect the amount of reimbursements not yet made.
- c. The reimbursement shall be made to REP if REP originally funded the costs, even if REP is no longer the Retail Electric Provider of record for the Meter.
- d. Unique Capability is not eligible for reimbursement under this Agreement or AMS.
- e. Reimbursement shall not include any carrying charges, interest charges or fees of any manner.
- f. When the last AMIN Plan agreement ends, any funds received from REP under the AMIN Plan that have not been spent to cover CNP's costs incurred under the AMIN Plan, shall be refunded to REP in an amount proportional to its funding of the total amount funded to CNP hereunder by Participants.
- g. Any third-party rebates, discounts, or other adjustments received by CNP that are directly attributable to amounts previously funded or paid by REP shall be credited or refunded to REP by CNP.
- h. REP may make one reimbursement request each month. All reimbursements due under this provision shall be paid within thirty (30) days of the applicable monthly request or determination of the amounts to be paid.
- i. Notwithstanding any other provision in this Agreement, if CNP's AMS is deployed geographically, Meters and Communications Infrastructure installed hereunder shall be reimbursed, consistent with the Tariff approved in Docket

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35620, when the geographic area in which the Meter or Communications Infrastructure is installed is deployed as part of CNP's AMS deployment.

25. Reimbursement for Meter Costs. REP may request reimbursement for Meter Costs starting on the date at which CNP provides the meter allotment under the AMS Plan to REP. REP, at its option, may either request installation of additional meters pursuant to the AMS Plan, or it may request reimbursement of Meters funded under this Agreement, or a combination thereof. The total number of AMS Plan meters and reimbursed Meters shall not exceed REP's monthly allotment in any month. Once such Meters are converted to the AMS Plan, they shall no longer be included in any O&M Cost assessment for Meters still included in the AMIN Plan. Such adjustment will occur in the month following their conversion. For example, Meters converted to AMS in February will be removed from the AMIN O&M Costs charge for March.
26. Reimbursement of Communications Infrastructure Costs. REP may request reimbursement for Communications Infrastructure Costs starting on the date at which CNP provides the communications infrastructure allotment under the AMS Plan to REP. REP, at its option, may either request installation of additional communications infrastructure pursuant to the AMS Plan, or it may request reimbursement of Communications Infrastructure funded under this Agreement, or a combination thereof. The total number of AMS Plan communications infrastructure and reimbursed Communications Infrastructure shall not exceed REP's monthly allotment in any month. Once such Communications Infrastructure is converted to the AMS Plan, it shall no longer be included in any O&M Cost assessment for Communications Infrastructure still included in the AMIN Plan. Such adjustment will occur in the month following its conversion. For example, Communications Infrastructure converted to AMS in February will be removed from the AMIN O&M Costs charge for March.
27. Reimbursement of Reliability and Functionality. REP will receive reimbursement for Reliability in accordance with CNP's schedule for purchasing such Reliability as defined in the AMS Plan. REP will receive reimbursement for Functionality in accordance with CNP's schedule for implementing such Functionality as defined in the AMS Plan, or upon the first meter installation as part of the AMS Plan, whichever occurs sooner; provided, however, that if CNP proposes a different reimbursement date in its Functionality proposal developed in accordance with paragraph 8(b), and REP agrees to such date, the date in the proposal shall control. Once such Reliability and Functionality have been converted to the AMS Plan they shall no longer be included in any O&M Cost assessment for equipment still included in the AMIN Plan. Such adjustment will occur in the month following conversion.

28. Reimbursement of Scalability. REP will receive reimbursement for Scalability in proportion to the number of its AMIN Plan Meters that have been converted to AMS Plan meters. Priority of reimbursement will be applied based on order of funding under the AMIN Plan. Once such Scalability has been converted to the AMS Plan it shall no longer be included in any O&M Cost assessment for equipment still included in the AMIN Plan. Such adjustment will occur in the month following conversion.
29. Obligation to Pay Meter-Month Share of Costs Funded by Another Participant. REP's obligation to pay costs funded by another Participant for Communications Infrastructure, Reliability, and Functionality is set forth in (a) through (c), below. REP acknowledges that the appropriate Participant that provided funding is a third-party beneficiary of the obligation of REP to make timely payment to CNP. Under no circumstances, shall CNP be responsible or liable for funding any shortfall.
- a. If a Participant is reimbursed at an amount that is less than the amount it funded for Communications Infrastructure, Reliability, and/or Functionality, REP shall be assessed a Meter-month share of the shortfall, where the shortfall shall be the difference between the amount funded by the Participant and the amount of the reimbursement received.
  - b. If, by January 31, 2010, CNP has not elected to pursue a cost recovery surcharge, or, alternatively, at the time that an approved AMS Plan cost recovery surcharge is found not acceptable to CNP or to CNP's Board of Directors, REP shall be assessed a Meter-month share of the shortfall, where the shortfall shall be the full amount funded by other Participants for Communications Infrastructure, Reliability, and/or Functionality.
  - c. If an AMS Plan is approved and acceptable to CNP and to CNP's Board of Directors, but Communications Infrastructure, Reliability, and Functionality comprising the AMIN Plan is not included in the AMS Plan (e.g., technology changed between AMIN and AMS), REP shall be assessed a Meter-month share of the shortfall, where the shortfall shall be the amount funded by other Participants for Communications Infrastructure, Reliability, and Functionality that is not included in the AMS Plan.

The assessment for each Participant shall be calculated as follows:

Amount of shortfall \* REP's Meter-month ratio, where:

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REP's Meter-month ratio = REP's Meter-month count / Total Meter-month count

Total Meter-month count = the sum of all Meters installed on the last day of each month over the period that the AMIN Plan has been in effect. Beginning in the month a Meter is used in the AMS Plan it is not counted in the going forward months in the Total Meter-month count.

REP's Meter-month count = the sum of the Meters installed by REP on the last day of each month over the period that the AMIN Plan has been in effect. Beginning in the month a Meter is used in the AMS Plan it is not counted in the going forward months in the REP's Meter-month count.

Beginning no sooner than February 28, 2010, quarterly statements of any obligations under this Section shall be mailed by CNP to REP. Amounts due, if any, shall be paid to CNP within fifteen (15) days of the date of the statement. Such amounts, when collected by CNP, shall be paid within thirty (30) days of receipt to the appropriate Participant that provided the funding. After fifteen (15) days, if CNP has not received payment, CNP shall provide detailed information, which may include non-paying REP's Confidential Information, to the appropriate Participant that provided the funding. The Participant that provided the funding may, at its option, pursue collection against the non-paying REP. By executing this Agreement, REP agrees to waive confidentiality of its AMIN Plan information in the event that REP fails to make timely payment, and further agrees to be responsible for REP's share of the shortfall as calculated. In the event a reimbursement occurs hereunder for an amount that already has been assessed to non-funding REP, such reimbursed amount shall be distributed to such Participants based on the ratio of each Participant's amount of funding for the items being reimbursed, including through assessments, to the total amount funded for the items being reimbursed.

30. Funding, Payment and/or Reimbursement Obligations. The mere execution of this Agreement does not, in and of itself, trigger funding, payment and/or reimbursement obligations hereunder.
31. REP Default. CNP shall have the right to terminate this Agreement, in whole or in part, at any time, by written notice to REP, if REP materially fails to perform any of its obligations under this Agreement, and such failure remains uncured twenty (20) days following such written notice. In the event of termination for default, those provisions of this Agreement that by their nature continue beyond termination shall remain in full force and effect after such termination. The rights and remedies of CNP provided in

this Section shall not be exclusive, and are in addition to any other rights and remedies provided under this Agreement, at law or in equity.

32. Records and Audit. CNP will maintain records accounting for all contributions, expenditures, reimbursements and assessments. A statement summarizing activity for REP will be provided to REP within sixty (60) days after the end of each quarter. Subject to CNP's obligations of confidentiality to third parties, REP has the right to audit such records, including invoices from underlying vendors, at its own cost, upon thirty (30) days' written notice, and at such time is mutually agreeable. Such audits shall be performed no more frequently than one time every six (6) months. No audit shall begin until at least six (6) months have elapsed from the end of the previous audit.
33. Terms of Agreement Generally Available. REP acknowledges that CNP is a regulated TDSP in Texas, and further acknowledges that the terms of this Agreement shall be made available to any Retail Electric Provider.
34. No Partnership or Agency. Nothing in this Agreement is intended or shall be construed to establish a partnership, agency, joint venture or similar relationship between the Parties, nor does it obligate the Parties to enter into such a relationship. Nothing in this Agreement shall be construed to give a Party the authority, power or right to enter into any obligation on behalf of the other Party unless specifically authorized by the other Party in advance in writing. Nothing in this Agreement shall be construed to make a Party liable for the acts or omissions of the other Party.
35. Governing Law. The definition of terms used, interpretation or construction of this Agreement, and the rights of the Parties hereunder shall be interpreted, construed and governed by the laws of the State of Texas.
36. Assignment. Except as provided below, neither Party may assign this Agreement, in whole or in part, without the prior written consent of the other. Any attempt to do so is void. Neither Party will unreasonably withhold such consent. The assignment of this Agreement, in whole or in part, within the organization of which either Party is a part or to a successor organization by merger or acquisition does not require the consent of the other. It is not considered an assignment for either Party to divest a portion of its business in a manner that similarly affects all of its customers or for a Party to assign its right to payment generally in the ordinary course of its financing arrangements. No permitted assignment of this Agreement or of any duties hereunder shall relieve a Party of any of its obligations hereunder. If this Agreement should be permitted to be assigned by a Party, it shall be binding upon and shall inure to the benefit of the permitted assignee.

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37. Notices. All notices or other communications hereunder will be in writing and will be effective upon delivery to the applicable Party (whether by mail, fax, personal delivery or otherwise) at the address indicated below:

(a) If to REP at:

\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

(b) If to CNP at:

CenterPoint Energy Houston Electric, LLC

\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

38. Severability. If, for any reason, any provision of this Agreement or part thereof is determined or held invalid, illegal or otherwise unenforceable, such invalid provisions shall not affect any other provisions of this Agreement and such other provisions shall to the full extent consistent with law continue in full force and effect.

39. Survival. In addition to any express statements concerning survival herein, such provisions as by their nature survive termination (including, but not limited to, provisions concerning intellectual property, indemnity, limitations of liability and confidentiality shall also survive termination. Termination under any provision of this Agreement shall not affect the existence of or the timing of any funding, payment, reimbursement, or obligation to pay whether it occurs prior to or after the effective date of termination.

40. Publicity. Neither party grants the other party the right to use its trademarks, trade names, or other designations in any promotion or publication without prior written consent.

41. Changes and Amendments. This Agreement shall not be amended or modified, and waiver of any provision hereof shall not be effective, unless set forth in a written instrument authorized and executed by duly designated and authorized representatives

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of both parties with the same formality as this Agreement, No side agreements that create exceptions or modifications to this Agreement shall be permitted at any time; provided, however that this does not prevent REP from placing orders or otherwise requesting services under CNP’s other tariffs. Notwithstanding the foregoing, it is understood and agreed that the provisions in CNP’s tariffs are subject to change from time to time, with the approval of regulatory authorities having jurisdiction thereof, and that such changes shall automatically become applicable to this Agreement, based upon the effective date of the change; provided, however, that CNP shall provide notice of any such change to REP as soon as practicable, at which time REP, in its sole discretion, may elect to continue under this Agreement as amended, or it may elect to terminate the Agreement, effective immediately upon written notice to CNP. Such termination shall not affect the existence of or the timing of any funding, payment, or reimbursement obligations under this Agreement, whether the obligation has occurred prior to or will occur after the effective date of termination.

- 42. Complete Agreement. This Agreement is intended as the complete and exclusive statement of this Agreement between the parties with respect to the subject matter hereof, and replaces any prior oral or written communications between the parties. Parole or extrinsic evidence shall not be used to vary or contradict the express terms of this Agreement, and recourse shall not be had to alleged prior dealings, usage of trade, course of dealing, course of performance to vary or contradict the express terms of this Agreement.

ACCEPTED AND AGREED TO this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

CenterPoint Energy Houston Electric, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

## **Appendix A**

### **Planned System Reliability and Performance During 2008**

- Establish “Unit Test” and “Acceptance” environments capable of supporting 10,000 accounts taking 15 minute intervals reads for the following environments
- Itron Data Collection Engine (DCE)
- eMeter EnergyIP Meter Data Management (MDM)
- Portal Websphere
- Database is Oracle
- Up/down monitoring of acceptance environments is Monday to Friday between 0700 and 1700
- No Service Level Agreement will be in place
- There is no high availability redundancy environment
- There is no disaster recovery capability
- Itron DCE will be an Intel only environment
- eMeter MDM unit test will be an Intel environment and the acceptance will be an AIX environment
- Portal environment test will be an Intel environment and the acceptance will be an AIX environment

## Appendix B

### Planned System Functionality During 2008

- Harden and maintain the availability of the existing AMS communication network reliability
- Set up and test a small GPRS backhaul circuit
- Support CCET pilot project
- Collect data in 15 minute intervals
- Connect Converge to AMS via the DCE over VPN
- Develop Add/Change/ Delete for ESID REP of record extract for CCET accounts
- Extract interval usage for 500 accounts to a spreadsheet
- Set up a second test environment called acceptance region for the DCE, MDM and portal environments
- No high availability, disaster recovery, or off hours support
- Set up “up/down” monitoring of environments from 7 a.m. to 5 p.m. Monday through Friday
- Add an additional firewall to the AMS environment
- Upgrade the Itron DCE environment to SR1 version 1.1, and, late in the year, to version 2.0
- Enable and test communication encryption functionality
- Enable and retest Converge access
- Develop Add/Change/ Delete for ESID REP of record extract for CCET accounts
- Finish development and testing of legacy to AMS Disconnect for Non-pay and Reconnect functionality with associated meter reads.
- Develop basic interim portal functionality while supporting the development of the joint TDSP & ERCOT Texas portal & database as defined during the PUCT sponsored workshops
- Basic security functionality
- Individual ESID “On Demand Read” ODR
- Display basic usage
- Start testing a small commercial Kva type account in our AMS environment

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**APPENDIX A**

**AGREEMENT BETWEEN COMPANY AND COMPETITIVE RETAILER REGARDING TERMS AND CONDITIONS OF DELIVERY OF ELECTRIC POWER AND ENERGY (DELIVERY SERVICE AGREEMENT)**

Company and Competitive Retailer hereby agree that their relationship regarding the delivery of Electric Power and Energy will be governed by the terms and conditions set forth in Company's Tariff approved by the Public Utility Commission of Texas (Commission). A copy of this Tariff may be obtained by contacting the Central Records Department of the Commission.

I. Notices, bills, or payments required in Company's Tariff shall be delivered to the following addresses:

FOR COMPANY

Legal Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Payment Address (both electronic and postal): \_\_\_\_\_

Company may change such contact information through written notice to Competitive Retailer.

FOR COMPETITIVE RETAILER

Legal Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

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Email Address: \_\_\_\_\_

Billing Address (both electronic and postal): \_\_\_\_\_  
\_\_\_\_\_

PUC Certificate Number: \_\_\_\_\_

Competitive Retailer may change contact information through written notice to Company.

II. A. DESIGNATION OF CONTACT FOR REPORTING OF OUTAGES, INTERRUPTIONS, AND IRREGULARITIES

\*Please place a check on the line beside the option selected. *These options and attendant duties are discussed in pro-forma tariff section 4.11.1.*

\_\_\_ Competitive Retailer will direct Retail Customers to call Competitive Retailer to report outages, interruptions, and irregularities and will then electronically forward such information to Company.

\_\_\_ Competitive Retailer will direct Retail Customers to call Competitive Retailer to report outages, interruptions, and irregularities and will then forward such calls to Company at the following toll-free number:

1-8XX-XXX-XXXX

\_\_\_ Competitive Retailer will direct Retail Customers to directly call or contact Company to report outages, interruptions, and irregularities. Competitive Retailer will provide Retail Customer with the following Company supplied toll-free number for purposes of such reporting:

1-8XX-XXX-XXXX

B. DESIGNATION OF CONTACT FOR MAKING SERVICE REQUESTS

\*Please place a check on the line beside the option selected. *These options and attendant duties are discussed in pro-forma tariff section 4.11.1.*

\_\_\_ Competitive Retailer will direct Retail Customers to call Competitive Retailer to make service requests and will then electronically forward such information to Company.

CenterPoint Energy Houston Electric, LLC

Applicable: Entire Service Area

CNP 8043

— Competitive Retailer will direct Retail Customers to call Competitive Retailer to make service requests and will then forward such calls to Company at the following toll-free number:

1-8XX-XXX-XXXX

— Competitive Retailer will direct Retail Customers to directly call or contact Company to make service requests. Competitive Retailer will provide Retail Customer with the following Company supplied toll-free number for purposes of making such requests.

1-8XX-XXX-XXXX

III. TERM

This Agreement shall commence upon the date of execution by both Parties (the "Effective Date") and shall terminate upon mutual agreement of the Parties or upon the earlier of the date (a) Competitive Retailer informs the Company that it is no longer operating as a Competitive Retailer in Company's service territory; (b) a new Delivery Service Agreement between the Parties hereto becomes effective; or (c) Competitive Retailer is no longer certified by the Commission as a retail electric provider in Company's certificated service area.

Termination of this Agreement, for any reason, shall not relieve Company or Competitive Retailer of any obligation accrued or accruing prior to such termination.

IV. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

V. SIGNATURES

**Company** (insert name) \_\_\_\_\_

(legal signature) \_\_\_\_\_

(date) \_\_\_\_\_

**Competitive Retailer** (insert name) \_\_\_\_\_

(legal signature) \_\_\_\_\_

(date) \_\_\_\_\_

Date